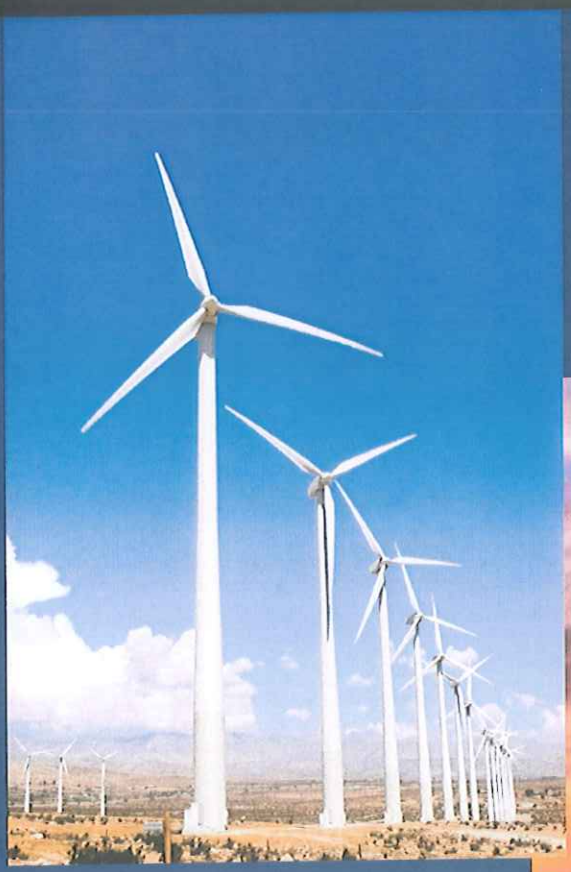
Findings of the Raymondville Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Magic Valley Wind Farm I, LLC



December 13, 2011

FINDINGS

OF THE

RAYMONDVILLE INDEPENDENT

SCHOOL DISTRICT BOARD OF TRUSTEES

UNDER THE

TEXAS ECONOMIC DEVELOPMENT ACT

ON THE APPLICATION SUBMITTED BY

MAGIC VALLEY WIND FARM I, LLC

DECEMBER 13, 2011

FINDINGS OF THE RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY MAGIC VALLEY WIND FARM I, LLC

STATE OF TEXAS §

COUNTY OF WILLACY §

On the 13th day of December, 2011, a public meeting of the Board of Trustees of the Raymondville Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of the Magic Valley Wind Farm I, LLC (Magic Valley) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Raymondville Independent School District makes the following findings with respect to the application of Magic Valley, and the economic impact of that application:

On November 9, 2011, the Superintendent of Schools of the Raymondville Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Magic Valley for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Magic Valley (Texas Taxpayer Id. 32042845647), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

The Board of Trustees has acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Willacy County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026 and a favorable recommendation was issued on November 21, 2011. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Raymondville Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Raymondville Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District entered into negotiations with Magic Valley, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

> **There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.**

In support of Finding 1, the economic impact evaluation states:

> The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Magic Valley Wind Farm I project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Board Finding Number 2.

> **The economic condition of Willacy County, Texas, is in need of long-term improvement.**

Based on information provided by the Comptroller's Office, Willacy County is the 115st largest in the state in terms of population. Population growth in Willacy County is positive, although it is slower than the state average between 2009 and 2010. The state population grew by 1.8 percent between 2009 and 2010, while the population of Willacy County increased by 1.0 percent over the same period.

September 2011 employment for Willacy County was up 3.8 percent from September 2010, well above the state's 0.9 percent increase in total employment during the same period. At the same time, the unemployment rate in Willacy County was 15.2 percent in September 2011, significantly higher than the current state average of 8.5 percent. It is noteworthy that

the Willacy County unemployment rate increased from 12.4 percent a year ago to the 15.2 percent level in September 2011.

Willacy County continues to have substantially lower per capita personal income than the state as a whole. In terms of per capita income, Willacy County's $23,584 in 2009 ranked 243rd among the 254 counties in Texas, while the Texas average was $38,609 for the same period.

Given Willacy County's high unemployment rate and relatively low per capita personal income, it is clear that the Raymondville ISD area faces economic challenges. Willacy County will benefit from economic activity like that associated with the Magic Valley project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

> **The average salary level of qualifying jobs is expected to be at least $40,268 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Magic Valley indicates that total employment will be approximately two (2) new jobs, all of which will be qualifying jobs.**

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create two new jobs when fully operational. The two jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Lower Rio Grande Valley Development Council Region, where Willacy County is located was $29,846 in 2010. The annual average manufacturing wage for 2010 for Willacy County is $32,266. That same year, the county annual average wage for all industries was $31,447. In addition to an average salary of $40,268, each qualifying position will receive benefits such as medical, prescription, dental, vision, and life & personal accident insurance, disability benefits, training programs, tuition reimbursement, an employee assistance

program, adoption assistance, flexible spending account plans, a commuter benefits program, a 401(k) plan, paid vacation, paid holidays, paid family and medical leave, and paid military leave.

Board Finding Number 4.

> **The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately $36.2 million on the basis of the goal of two (2) new qualifying positions for the entire Magic Valley project.**

In support of Finding 4, the economic impact evaluation states:

> The project's total investment is $72.5 million, resulting in a relative level of investment per qualifying job of $36.2 million.

Board Finding Number 5.

> **Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.**

Board Finding Number 6.

> **Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.**

Table 1 depicts Magic Valley Wind Farm I's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

The statewide average ad valorem tax base for school districts in Texas was $1.6 billion in 2010. Raymondville ISD's ad valorem tax base in 2010 was $425 million. The statewide average wealth per WADA was estimated at $345,067 for fiscal 2010-2011. During that same year, Raymondville ISD's estimated wealth per WADA was $140,554.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Magic Valley Wind Farm I

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	37	30	67	$1,489,916	$1,810,084	$3,300,000
2013	2	0	2	$80,536	$289,464	$370,000
2014	2	2	4	$80,536	$409,464	$490,000
2015	2	7	9	$80,536	$409,464	$490,000
2016	2	5	7	$80,536	$649,464	$730,000
2017	2	4	6	$80,536	$649,464	$730,000
2018	2	2	4	$80,536	$529,464	$610,000
2019	2	8	10	$80,536	$529,464	$610,000
2020	2	4	6	$80,536	$649,464	$730,000
2021	2	5	7	$80,536	$529,464	$610,000
2022	2	3	5	$80,536	$289,464	$370,000
2023	2	6	8	$80,536	$529,464	$610,000
2024	2	5	7	$80,536	$649,464	$730,000
2025	2	4	6	$80,536	$769,464	$850,000
2026	2	5	7	$80,536	$649,464	$730,000

Source: CPA, REMI, Magic Valley Wind Farm I, LLC

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Willacy County, Willacy County Hospital District, Willacy County Navigation District, Willacy County Drainage District #1, Willacy County Drainage District #2, and Willacy County Emergency Services District, with all property tax incentives sought being granted using estimated market value from Magic Valley Wind Farm I's application. Magic Valley Wind Farm I has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, drainage district (#1), navigation district, and hospital district. Table 3 illustrates the estimated tax impact of the Magic Valley Wind Farm I project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Raymondville ISD I&S Levy	Raymondville ISD M&O Levy	Raymondville ISD M&O and I&S Tax Levies (Before Credit Credited)	Raymondville ISD M&O and I&S Tax Levies (After Credit Credited)	Willacy County	Willacy County Hospital District	Willacy County Drainage District #1 (35%)	Willacy County Drainage District #2 (65%)	Willacy County Navigation District	Willacy County Emergency Services District	Estimated Total Property Taxes
			Tax Rate[1]	0.2808	1.0400			0.6837	0.0312	0.2500	0.0613	0.0596	0.0286	
2012	$3,600,000	$3,600,000		$10,108	$37,440	$47,548	$47,548	$24,612	$1,123	$3,150	$1,434	$2,145	$1,030	$81,042
2013	$69,703,500	$69,703,500		$195,720	$724,916	$920,637	$920,637	$142,965	$6,521	$30,495	$27,764	$20,763	$19,935	$1,169,080
2014	$66,218,325	$10,000,000		$185,934	$104,000	$289,934	$289,934	$135,816	$6,195	$28,971	$26,376	$19,725	$18,938	$525,956
2015	$62,907,409	$10,000,000		$176,638	$104,000	$280,638	$191,935	$129,026	$5,885	$27,522	$25,057	$18,739	$17,992	$416,155
2016	$59,762,038	$10,000,000		$167,806	$104,000	$271,806	$183,103	$122,574	$5,591	$26,146	$23,804	$17,802	$17,092	$396,113
2017	$56,773,936	$10,000,000		$159,416	$104,000	$263,416	$174,713	$116,446	$5,311	$24,839	$22,614	$16,912	$16,237	$377,072
2018	$53,935,240	$10,000,000		$151,445	$104,000	$255,445	$166,742	$110,623	$5,046	$23,597	$21,483	$16,066	$15,425	$358,983
2019	$51,238,478	$10,000,000		$143,873	$104,000	$247,873	$159,170	$105,092	$4,793	$22,417	$20,409	$15,263	$14,654	$341,799
2020	$48,676,554	$10,000,000		$136,679	$104,000	$240,679	$151,977	$99,838	$4,554	$21,296	$19,389	$14,500	$13,921	$325,474
2021	$46,242,726	$10,000,000		$129,845	$104,000	$233,845	$145,143	$94,846	$4,326	$20,231	$18,419	$13,775	$13,225	$309,965
2022	$43,930,590	$43,930,590		$123,353	$456,878	$580,231	$580,231	$90,103	$4,110	$19,220	$17,498	$13,086	$12,564	$736,812
2023	$41,734,060	$41,734,060		$117,185	$434,034	$551,219	$551,219	$285,327	$13,014	$36,517	$16,624	$24,863	$11,936	$939,501
2024	$39,647,357	$39,647,357		$111,326	$412,333	$523,658	$523,658	$271,061	$12,364	$34,691	$15,792	$23,620	$11,339	$892,526
2025	$37,664,989	$37,664,989		$105,760	$391,716	$497,475	$497,475	$257,508	$11,745	$32,957	$15,003	$22,439	$10,772	$847,900
2026	$35,781,740	$35,781,740		$100,472	$372,130	$472,602	$472,602	$244,633	$11,158	$31,309	$14,253	$21,317	$10,234	$805,505
						Total	$5,056,089	$2,230,470	$101,736	$383,357	$285,921	$261,012	$205,296	$8,523,881

Assumes School Value Limitation and Tax Abatement with Willacy County, Drainage District #1, Navigation District, and Hospital District.

Source: CPA, Magic Valley Wind Farm I, LLC

[1]Tax Rate per $100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Raymondville ISD I&S Levy	Raymondville ISD M&O Levy		Raymondville ISD M&O and I&S Tax Levies	Willacy County	Willacy County Hospital District	Willacy County Drainage District #1 (35%)	Willacy County Drainage District #2 (65%)	Willacy County Navigation District	Willacy County Emergency Services District	Estimated Total Property Taxes
			Tax Rate[1]	0.2808	1.0400			0.6837	0.0312	0.2500	0.0613	0.0596	0.0286	
2012	$3,600,000	$3,600,000		$10,108	$37,440		$47,548	$24,612	$1,123	$3,150	$1,434	$2,145	$1,030	$81,042
2013	$69,703,500	$69,703,500		$195,720	$724,916		$920,637	$476,549	$21,736	$60,991	$27,764	$41,526	$19,935	$1,569,138
2014	$66,218,325	$66,218,325		$185,934	$688,671		$874,605	$452,721	$20,650	$57,941	$26,376	$39,450	$18,938	$1,490,681
2015	$62,907,409	$62,907,409		$176,638	$654,237		$830,875	$430,085	$19,617	$55,044	$25,057	$37,477	$17,992	$1,416,147
2016	$59,762,038	$59,762,038		$167,806	$621,525		$789,331	$408,581	$18,636	$52,292	$23,804	$35,603	$17,092	$1,345,340
2017	$56,773,936	$56,773,936		$159,416	$590,449		$749,864	$388,152	$17,704	$49,677	$22,614	$33,823	$16,237	$1,278,073
2018	$53,935,240	$53,935,240		$151,445	$560,926		$712,371	$368,744	$16,819	$47,193	$21,483	$32,132	$15,425	$1,214,169
2019	$51,238,478	$51,238,478		$143,873	$532,880		$676,753	$350,307	$15,978	$44,834	$20,409	$30,525	$14,654	$1,153,461
2020	$48,676,554	$48,676,554		$136,679	$506,236		$642,915	$332,792	$15,179	$42,592	$19,389	$28,999	$13,921	$1,095,788
2021	$46,242,726	$46,242,726		$129,845	$480,924		$610,769	$316,152	$14,420	$40,462	$18,419	$27,549	$13,225	$1,040,998
2022	$43,930,590	$43,930,590		$123,353	$456,878		$580,231	$300,345	$13,699	$38,439	$17,498	$26,172	$12,564	$988,948
2023	$41,734,060	$41,734,060		$117,185	$434,034		$551,219	$285,327	$13,014	$36,517	$16,624	$24,863	$11,936	$939,501
2024	$39,647,357	$39,647,357		$111,326	$412,333		$523,658	$271,061	$12,364	$34,691	$15,792	$23,620	$11,339	$892,526
2025	$37,664,989	$37,664,989		$105,760	$391,716		$497,475	$257,508	$11,745	$32,957	$15,003	$22,439	$10,772	$847,900
2026	$35,781,740	$35,781,740		$100,472	$372,130		$472,602	$244,633	$11,158	$31,309	$14,253	$21,317	$10,234	$805,505
						Total	$9,480,854	$4,907,571	$223,844	$628,090	$285,921	$427,639	$205,296	$16,159,215

Source: CPA, Magic Valley Wind Farm I, LLC

[1]Tax Rate per $100 Valuation

Board Finding Number 7.

> **The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.**

The Magic Valley Wind project remains fully taxable for debt services taxes, with RISD currently levying a $0.281 I&S rate. The value of the Magic Valley Wind project is expected to depreciate over the life of the agreement and beyond, but adds 18.1 percent to the District's tax base at the project's peak value. At the same time, the primary benefit appears to be in the 2013-14 school year when the project value appears on the local tax roll for the first time. Beyond that year, the increase in taxable value will largely offset state facilities funding through the Instructional Facilities Allotment (IFA) and the Existing Debt Allotment (EDA) programs, beginning in the 2014-15 school year.

Board Finding Number 8.

> **The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the Magic Valley project.**

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the addition of a wind energy project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Raymondville ISD as stated in **Attachment D**.

Board Finding Number 9.

> **The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.**

In support of Finding 8, the economic impact evaluation states:

> According to Magic Valley Wind Farm I's application, "E.ON Climate & Renewables is an international company that develops, constructs, and operates wind energy projects. E.ON Climate & Renewables has a proven history of success across the United States evidenced by the development, construction and operation of over 2,000 MWs of wind

farms. We have the ability to locate projects of this type across several regions within the United States, Canada, and Europe."

Board Finding Number 10.

During the past two years, seven projects in the Lower Rio Grande Valley Development Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 11.

The Board of Trustees hired consultants to review and verify the information in the Application from Magic Valley. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.

Board Finding Number 12.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Ten Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.054(a).

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2010 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2010 industrial value for Raymondville ISD is $17.18 million. Raymondville ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Raymondville ISD is classified as a "rural" school district for these purposes on the basis of its population characteristics. Given that the value of industrial property in Raymondville ISD exceeds $1 million but is less than $90 million, it is classified as a Category III district which can offer a minimum value limitation of $10 million.

Board Finding Number 13.

> **The Applicant (Taxpayer Id. 32042845647) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.**

Board Finding Number 14.

> **The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.**

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first year the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 15.

> **Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and herby authorized to be executed and delivered by and on behalf of the Raymondville Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Raymondville Independent School District.

Dated the 13th day of December 2011.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT

By: Sam Loya
Sam Loya, President, Board of Trustees

ATTEST:

By: _____
Mario Tijerina, Secretary, Board of Trustees

MOAK, CASEY & ASSOCIATES
SCHOOL FINANCE & ACCOUNTABILITY EXPERTS

LYNN M. MOAK, PARTNER DANIEL T. CASEY, PARTNER

December 2, 2011

President and Members
Board of Trustees
Raymondville Independent School District
419 FM 3168
Raymondville, Texas 78580

Re: Recommendations and Findings of the firm Concerning Application of Magic Valley Wind Farm I, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Loya and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Raymondville Independent School District, with respect to the pending Application of Magic Valley Wind Farm I, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Magic Valley Wind Farm I, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

www.moakcasey.com
Phone 512-485-7878 400 W. 15th Street ★ Suite 1410 ★ Austin, TX 78701-1648 Fax 512-485-7888

O'HANLON, MCCOLLOM & DEMERATH

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CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE MCCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

November 30, 2011

President and Members
Board of Trustees
Raymondville Independent School District
419 FM 3168
Raymondville, Texas 78580

Re: Recommendations and Findings of the Firm Concerning Application of Magic Valley Wind Farm I, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Loya and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Raymondville Independent School District, with respect to the pending Application of EC&R Development (D.B.A. Magic Valley Wind Farm I, LLC) for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Magic Valley Wind Farm I, LLC. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Magic Valley Wind Farm I, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Kevin O'Hanlon
For the Firm

Attachment A

Application

Application for Appraised Value Limitation on Qualified Property
(Tax Code, Chapter 313, Subchapter B or C)

Form 50-296
(Revised May 2010)

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application.
  This notice must include:
  - the date on which the school district received the application;
  - the date the school district determined that the application was complete;
  - the date the school board decided to consider the application; and
  - a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original completed application to the Comptroller in a three-ring binder with tabs separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative

Date application received by district: October 11, 2011

First Name: Johnny

Last Name: Pineda

Title: Superintendent

School District Name: Raymondville Independent School District

Street Address: One Bearkat Boulevard

Mailing Address:

City: Raymondville

State: TX

ZIP: 78580

Phone Number: 956-689-8176

Fax Number: 956-689-0201

Mobile Number (optional):

E-mail Address: jipineda@raymondvilleisd.org

I authorize the consultant to provide and obtain information related to this application. . . . . ☑ Yes ☐ No

Will consultant be primary contact? . . . . . ☑ Yes ☐ No

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name: Kevin

Last Name: O'Hanlon

Title:

Firm Name: O'Hanlon, McCollom & Demerath

Street Address: 808 West Avenue

Mailing Address:

City: Austin

State: TX

ZIP: 78701

Phone Number: 512-494-9949

Fax Number: 512-494-9919

Mobile Number (Optional):

E-mail Address: kohanlon@808west.com & mhanley@808west.com

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

Signature (Authorized School District Representative):

Date: October 11, 2011

Has the district determined this application complete? ..... ☐ Yes ☐ No

If yes, date determined complete: October 18, 2011

Have you completed the school finance documents required by TAC 9.1054(c)(3)? ..... ☑ Yes ☐ No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	
2	Certification page signed and dated by authorized school district representative	2 of 16	
3	Date application deemed complete by ISD	2 of 16	
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	
5	Completed company checklist	12 of 16	
6	School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name: Patrick
Last Name: Woodson
Title: Senior Vice President
Organization: Magic Valley Wind Farm I, LLC
Street Address: 812 San Antonio Street, Ste. 201
Mailing Address:
City: Austin
State: TX
ZIP: 78701
Phone Number: 512-482-4034
Fax Number: 512-494-9581
Mobile Number (optional):
Business e-mail Address: patrick.woodson@eon.com

Will a company official other than the authorized business representative be responsible for responding to future information requests? ☑ Yes ☐ No

If yes, please fill out contact information for that person.

First Name: Matthew
Last Name: McCluskey
Title: Development Manager
Organization: Magic Valley Wind Farm I, LLC
Street Address: 812 San Antonio Street, Ste. 201
Mailing Address:
City:
State: TX
ZIP: 78701
Phone Number: 512-482-4036
Fax Number: 512-494-9581
Mobile Number (optional): 361-563-1416
E-mail Address:

I authorize the consultant to provide and obtain information related to this application.. ☐ Yes ☑ No

Will consultant be primary contact? ☐ Yes ☑ No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name	Last Name	
Title		
Firm Name		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Business email Address		

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature *(Authorized Business Representative (Applicant))* | Date 8/4/11

GIVEN under my hand and seal of office this 4 day of August, 2011

Michelle Bruenning

Notary Public, State of Texas

MICHELLE BRUENNING
Notary Public, State of Texas
My Commission Expires
March 10, 2015

(Notary Seal)

My commission expires 3·10·15

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code § 37.10.

FEES AND PAYMENTS

☑ Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)? ☐ Yes ☑ No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☐ No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Magic Valley Wind Farm I, LLC

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 *(11 digits)*

32042845647

NAICS code

221,119

Is the applicant a party to any other Chapter 313 agreements? ☑ Yes ☐ No

If yes, please list name of school district and year of agreement.

Please see attached on Checklist Item 3

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State? ☑ Yes ☐ No

Identify business organization of applicant *(corporation, limited liability corporation, etc.)*

Delaware Limited Liability Corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? ☑ Yes ☐ No
   If so, please attach documentation of the combined group membership and contact information.

2 Is the applicant current on all tax payments due to the State of Texas? ☑ Yes ☐ No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☐ NA ☑ Yes ☐ No

   If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

ELIGIBILTY UNDER TAX CODE CHAPTER 313.024

Are you an entity to which Tax Code, Chapter 171 applies? ☑ Yes ☐ No

The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:

(1) manufacturing ☐ Yes ☑ No

(2) research and development ☐ Yes ☑ No

(3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No

(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No

(5) renewable energy electric generation ☑ Yes ☐ No

(6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No

(7) nuclear electric power generation ☐ Yes ☑ No

(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No

Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No

Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No

Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No

Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

PROJECT DESCRIPTION

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. (Use attachments as necessary)

Please see Checklist Item 4 for a complete project description

Describe the ability of your company to locate or relocate in another state or another region of the state.

Please see Checklist Item 4 for a complete project description

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

☑ New Jobs ☑ Construct New Facility ☐ New Business / Start-up ☐ Expand Existing Facility

☐ Relocation from Out-of-State ☐ Expansion ☑ Purchase Machinery & Equipment

☐ Consolidation ☐ Relocation within Texas

PROJECTED TIMELINE

Begin Construction: Fourth Quarter 2011

Begin Hiring New Employees: First Quarter 2012

Construction Complete: Second Quarter 2012

Fully Operational: Third Quarter 2012

Purchase Machinery & Equipment: Third-Fourth Quarter 2011

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☑ Yes ☐ No

Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? Second Quarter 2012

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
Total	

Will other incentives be offered by local units of government? ☑ Yes ☐ No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Chapter 312 Agreement with Willacy County (Checklist Item . 10 year tax abatement for 70% of project improvements, beginning in 2012. Magic Valley Wind Farm I, LLC is pursuing other Chapter 312 agreements with different taxing entities within Willacy County: Drainage District #1, Navigation District, Hospital District.

THE PROPERTY

Identify county or counties in which the proposed project will be located Willacy County

Central Appraisal District (CAD) that will be responsible for appraising the property Willacy County Appraisal District

Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☑ No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Willacy County and Road and Bridge 100% (Name and percent of project)

City: N/A (Name and percent of project)

Hospital District: Willacy County Hospital District 100% (Name and percent of project)

Water District: Drainage District #1 (35%) and #2 (65%) (Name and percent of project)

Other (describe): Willacy County Navigation District 100% (Name and percent of project)

Other (describe): Emergency Services District 100% (Name and percent of project)

Is the project located entirely within this ISD? ☐ Yes ☑ No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

Please see Checklist Item 5 for additional information regarding project size and scope

INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at **www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.**

At the time of application, what is the estimated minimum qualified investment required for this school district? $10,000,000

What is the amount of appraised value limitation for which you are applying? $10,000,000

What is your total estimated *qualified* investment? $ 70,590,000

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? December 15, 2011

What is the anticipated date of the beginning of the qualifying time period? December 15, 2011

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? $72,590,000

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

(1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,

(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and

(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? ☑ Yes ☐ No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

(1) in or on the new building or other new improvement for which you are applying? ☑ Yes ☐ No

(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? ☑ Yes ☐ No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? ☑ Yes ☐ No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? ☑ Yes ☐ No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? ☑ Yes ☐ No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? ☑ Yes ☐ No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

(1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,

(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and

(3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☑ Yes ☐ No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? _____

Will the applicant own the land by the date of agreement execution? ☐ Yes ☑ No

Will the project be on leased land? ☑ Yes ☐ No

QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? ☐ Yes ☑ No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. _____ (Market Value) _____ (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? ☐ Yes ☑ No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? ☑ Yes ☐ No

WAGE AND EMPLOYMENT INFORMATION

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? Zero

The last complete calendar quarter before application review start date is the:

☐ First Quarter ☑ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2011 (year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC?
Zero

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application. _____

Total number of new jobs that will have been created when fully operational Two (2)

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? ☐ Yes ☑ No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? ☑ Yes ☐ No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. **Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).**

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? Two (2)

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at *http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html)*

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).

WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is $665.23

110% of the county average weekly wage for manufacturing jobs in the county is $682.55

110% of the county average weekly wage for manufacturing jobs in the region is $631.40

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

☐ §313.021(5)(A) or ☐ §313.021(5)(B) or ☐ §313.021(3)(E)(ii), or ☑ §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? $32,832.80

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? $40,268

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? ☑ Yes ☐ No

Will each qualifying job require at least 1,600 of work a year? ☑ Yes ☐ No

Will any of the qualifying jobs be jobs transferred from one area of the state to another? ☐ Yes ☑ No

Will any of the qualifying jobs be retained jobs? ☐ Yes ☑ No

Will any of the qualifying jobs be created to replace a previous employee? ☐ Yes ☑ No

Will any required qualifying jobs be filled by employees of contractors? ☑ Yes ☐ No

If yes, what percent? Up to 33%

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? ☑ Yes ☐ No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

Please see Checklist Item 15

ECONOMIC IMPACT

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? ☑ Yes ☐ No

Is Schedule A completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule B completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule C (Application) completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule D completed and signed for all years and attached? ☑ Yes ☐ No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

CONFIDENTIALITY NOTICE

Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information Submitted to the Comptroller

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
2) the information has been segregated in the application from other information in the application; and
3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	✓
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	✓
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	✓
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

***To be submitted with application or before date of final application approval by school board.**

Proof of payment of filing fee received by the Comptroller of Public Accounts per TAC Rule §9.1054 (b)(5)

(Page Inserted by Office of Texas Comptroller of Public Accounts)

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TX2010 05-165
Ver. 1.0 (9-09/2)

Checklist Item 3

Tcode 13298

TEXAS FRANCHISE TAX EXTENSION AFFILIATE LIST

Reporting entity taxpayer number	Report year	Reporting entity taxpayer name
743245054	2010	E.ON NORTH AMERICA HOLDINGS LLC

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. EC&R ASSET MANAGEMENT	32033620900	☐
2. EC&R COLORADO LLC	200075168	☒
3. EC&R ENEGERY MARKETING LLC	32034509607	☒
4. EC&R FINCO 2008 LLC	32033243752	☒
5. EC&R MIDWEST LLC	200075168	☒
6. EC&R NEW MEXICO LLC	200075168	☒
7. EC&R NORTHEAST LLC	200075168	☒
8. EC&R O&M LLC	32030354842	☐
9. EC&R PANTHER CREEK WIND FARM I & II LLC	32033826242	☐
10. EC&R PANTHER CREEK WIND FARM III LLC	32037431668	☐
11. EC&R PAPALOTE CREEK I LLC	32037132720	☐
12. EC&R OSE LLC	32033759021	☐
13. EC&R SOUTHWEST LLC	32034674229	☐
14. EC&R WEST LLC	200075168	☒
15. EC&R WYOMING LLC	200075168	☒
16. INADALE WIND FARM LLC	32033826069	☐
17. MUNNSVILLE INVESTCO LLC	200075168	☒
18. PYRON WIND FARM LLC	32033826093	☐
19. ROSCOE INVESTCO LLC	200075168	☒
20. SAND BLUFF INVESTCO LLC	200075168	☒
21. STONY CREEK WIND FARM LLC	200075168	☒

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Texas Comptroller Official Use Only

VE/DE	☐	FM	☐

1062

9D5284 7.000
TX2010 05-165
Ver. 1.0 (9-09/2)

TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST

Tcode 13298

Reporting entity taxpayer number	Report year	Reporting entity taxpayer name
743245054	2010	E.ON NORTH AMERICA HOLDINGS LLC

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. CHAMPION INVESTCO LLC	200075168	☒
2. STONY CREEK WF HOLDCO LLC	200075168	☒
3. EC&R DEVELOPMENT LLC	32039451532	☒
4. EC&R INVESTCO MGMT LLC	271768943	☒
5. EC&R PANTHER CREEK WF I & II HOLDCO LLC	200075168	☒
6. EC&R PANTHER CREEK WF III HOLDCO LLC	32037431643	☒
7. EC&R PAPALOTE CREEK II LLC	32037132662	☐
8. EC&R PROJECT DEVELOPMENT LLC	200075168	☒
9. EC&R SERVICES LLC	271769505	☒
10. EC&R SHERMAN LLC	32037132811	☐
11. EC&R VLI LLC	200075168	☒
12. INADALE INVESTCO LLC	200075168	☒
13. INADALE WF HOLDCO LLC	200075168	☒
14. LAMESA WF HOLDCO LLC	200075168	☒
15. LAMESA WIND FARM LLC	32033826135	☐
16. PYRON WF HOLDCO LLC	200075168	☒
17. ROSCOE II WF HOLDCO LLC	200075168	☒
18. ROSCOE WIND FARM II LLC	200075168	☐
19. EC&R EXCELSIOR LLC	200075168	☒
20. VENADO WIND FARM LLC	32038405901	☐
21. FOREST CREEK INVESTCO INC.	17109924724	☒

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9D5284 7.000
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TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST

■ Reporting entity taxpayer number	■ Report year	Reporting entity taxpayer name
743245054	2010	E.ON NORTH AMERICA HOLDINGS LLC

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. MUNNSVILLE WIND FARM LLC	261952077	☒
2. MUNNSVILLE WF HOLDCO LLC	261952077	☒
3. RENEWABLE GENERATION HOLDINGS INC	32035416489	☐
4. WILD HORSE MOUNTAIN GP INC.	200075168	☒
5. PYRON INVESTCO LLC	200075168	☒
6. EC&R PANTHER CREEK I & II INVESTCO LLC	200075168	☒
7. AIRTRICITY RG CENTER I LP	32035384497	☐
8. E.ON CLIMATE & RENEWABLES NORTH AMERICA	12000751680	☐
9. NV POWER HOLDINGS LLC	200075168	☒
10. NV POWER INC.	200075168	☒
11. SETTLERS TRAIL WIND FARM LLC	272301245	☒
12. RG CHOCOLATE BAYOU WINDPOWER I LP	200075168	☒
13.		☐
14.		☐
15.		☐
16.		☐
17.		☐
18.		☐
19.		☐
20.		☐
21.		☐

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Texas Comptroller Official Use Only

VE/DE	☐	FM	☐

1062

Checklist Item 3

E.ON Climate & Renewables N.A., Inc.
Existing Chapter 313 Agreements

Taxing Entity	Agreement Date
Brackett ISD	12/21/2009
Forsan ISD	10/27/2008
Glasscock ISD	10/13/2008
Gregory-Portland ISD	12/15/2009
Hermleigh ISD	11/11/2008
Highland ISD	8/6/2007
Howard College	12/17/2007
Loraine ISD	9/10/2007
Lyford CISD	12/14/2009
Odem-Edroy ISD	12/19/2008
Raymondville ISD	12/14/2009
Roscoe ISD	9/10/2007
San Perlita ISD	12/15/2009
Sinton ISD	12/15/2008
Sterling City ISD	4/5/2006
Taft ISD	12/15/2009
West Texas College	12/22/2007

Checklist Item 4

Project Description

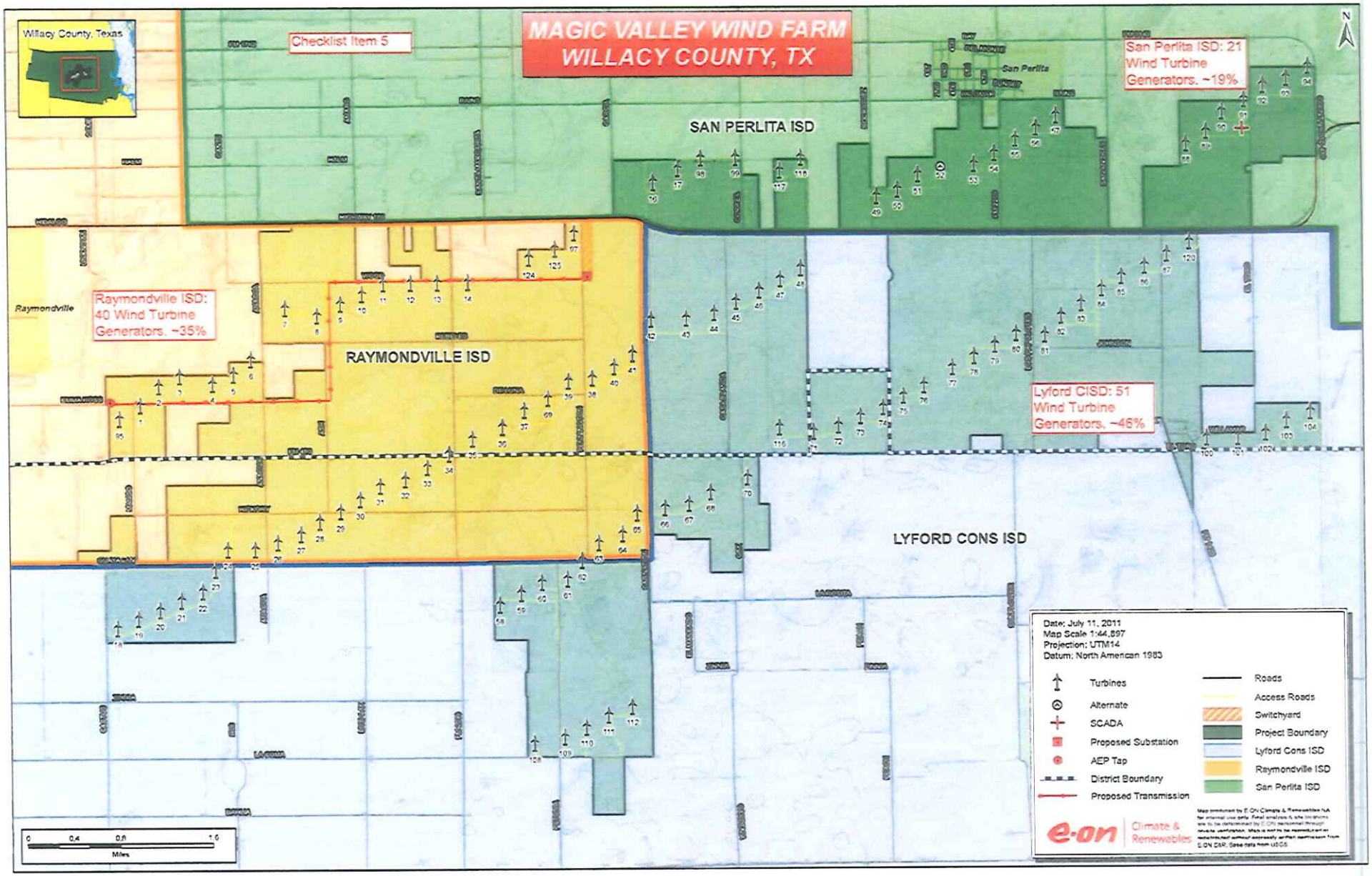
Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The applicant expects to build the proposed project to be operational second quarter 2012, with approximately 36%, of the construction to be in Raymondville Independent School District. EC&R is planning for forty 1.815 megawatt wind turbine generators within RISD boundaries. The applicant will commence on or before December 1, 2011. The applicant intends to complete construction within one (1) year and expects to meet the minimum qualified investment threshold by the expiration of the qualified period. All of the property for which the applicant is seeking a limitation on appraised value will be owned by the applicant.

EC&R Development, LLC is developing the Magic Valley Wind Farm. The Magic Valley Wind Farm is a 203.28 MW wind generation facility located in entirely within Willacy County, Texas. The project will be spread across three (3) different school districts: Lyford Consolidated Independent Scholl District (LCISD) with approximately 45% of the qualified investment and property, Raymondville Independent School District (RISD) with approximately 36% of the qualified investment and property, and San Perlita Independent School District (SPISD) with approximately 19% of the qualified investment and property. The Magic Valley Wind Farm includes approximately 112 1.815 MW turbines, towers, transformers, transmission lines, and associated ancillary equipment necessary to safely operate, maintain and transmit power to the ERCOT grid, and meteorological equipment to measure and test wind speed and direction; with an estimated value of $203,280.00.

The facility will require a relatively insubstantial amount of personal property, which will be placed within the "Magic Valley Reinvestment Zone No. 1" (the "Reinvestment Zone") which was created by the Willacy County Commissioners' Court on July 13, 2009 and corrected by an Order Nunc Pro Tunc issued on August 10, 2009, further amended and expanded on a July 8, 2010 special meeting of the Willacy County Commissioners' Court in which an order approving the expansion and amendment to the Magic Valley Reinvestment Zone No. 1 which was stated in our application. The entire project boundaries are wholly contained within the reinvestment zone boundaries. Current land use for the private property within the Reinvestment Zone consists of farming, ranching, and oil and gas production.

E.ON Climate & Renewables is an international company that develops, constructs, and operates wind energy projects. E.ON Climate & Renewables has a proven history of success across the United States evidenced by the development, construction and operation of over 2,000 MWs of wind farms . We have the ability to locate projects of this type across several regions within the United States, Canada, and Europe.


MAGIC VALLEY WIND FARM
WILLACY COUNTY, TX
Checklist Item 5
Willacy County, Texas
SAN PERLITA ISD
San Perlita ISD: 21 Wind Turbine Generators. ~19%
Raymondville ISD: 40 Wind Turbine Generators. ~35%
RAYMONDVILLE ISD
Lyford CISD: 51 Wind Turbine Generators. ~46%
LYFORD CONS ISD
Raymondville
San Perlita
Date: July 11, 2011
Map Scale 1:44,897
Projection: UTM14
Datum: North American 1983
Turbines
Alternate
SCADA
Proposed Substation
AEP Tap
District Boundary
Proposed Transmission
Roads
Access Roads
Switchyard
Project Boundary
Lyford Cons ISD
Raymondville ISD
San Perlita ISD
e·on Climate & Renewables
0 0.4 0.8 1.6
Miles

Checklist Item 6

DESCRIPTION OF QUALIFIED INVESTMENT

1. One Hundred and twelve (112) Vestas V90 1.815 MW wind turbine generator system with grounding, comprising a three-bladed, horizontal-axis wind turbine, employing active yaw control, active blade pitch control and a variable speed generator, more precisely described as follows:

    a. Rotor with a diameter of 90 m, designed to operate in upwind configuration, comprised of three blades mounted to a cast iron hub, designed to operate between 0 and 16 rpm

    b. Three blades manufactured from carbon fiber, wood, fiberglass, epoxy.

    c. Blade pitch control system

    d. Hub manufactured from cast iron connecting the blades to the turbine main shaft and housing the blade pitch systems

    e. Gearbox with vibration-damping mountings and a parking brake

    f. Bearings

    g. Gearbox lubrication system

    h. Brake system,

    i. Variable speed asynchronous generator

    j. Flexible coupling to protect drive train from excessive torque loads

    k. Yaw system

    l. 112Towers, 80 m ground to hub.

    m. Nacelle, with sound-insulating foam to reduce acoustic emissions

    n. Anemometer, wind vane and lightning protection system.

    o. Control system consisting of on-site (at base of tower) and remote (SCADA) control with local lockout capability

2. Roadwork, sloped for drainage, with turnouts from public roads

3. Fencing to control livestock and to protect substations and other equipment as needed for safety and security.

4. 112 wind turbine generator foundations, with anchor bolt embeds and template rings

5. Wind turbine obstruction lighting per FAA requirements

6. Telephone system

7. Substations, including a 138/34.5 kV utility interconnect substation, including a control building, two 140 MVA transformers with load tap changers, 138 kV circuit breakers,34.5 circuit breakers and reactive power compensation equipment.

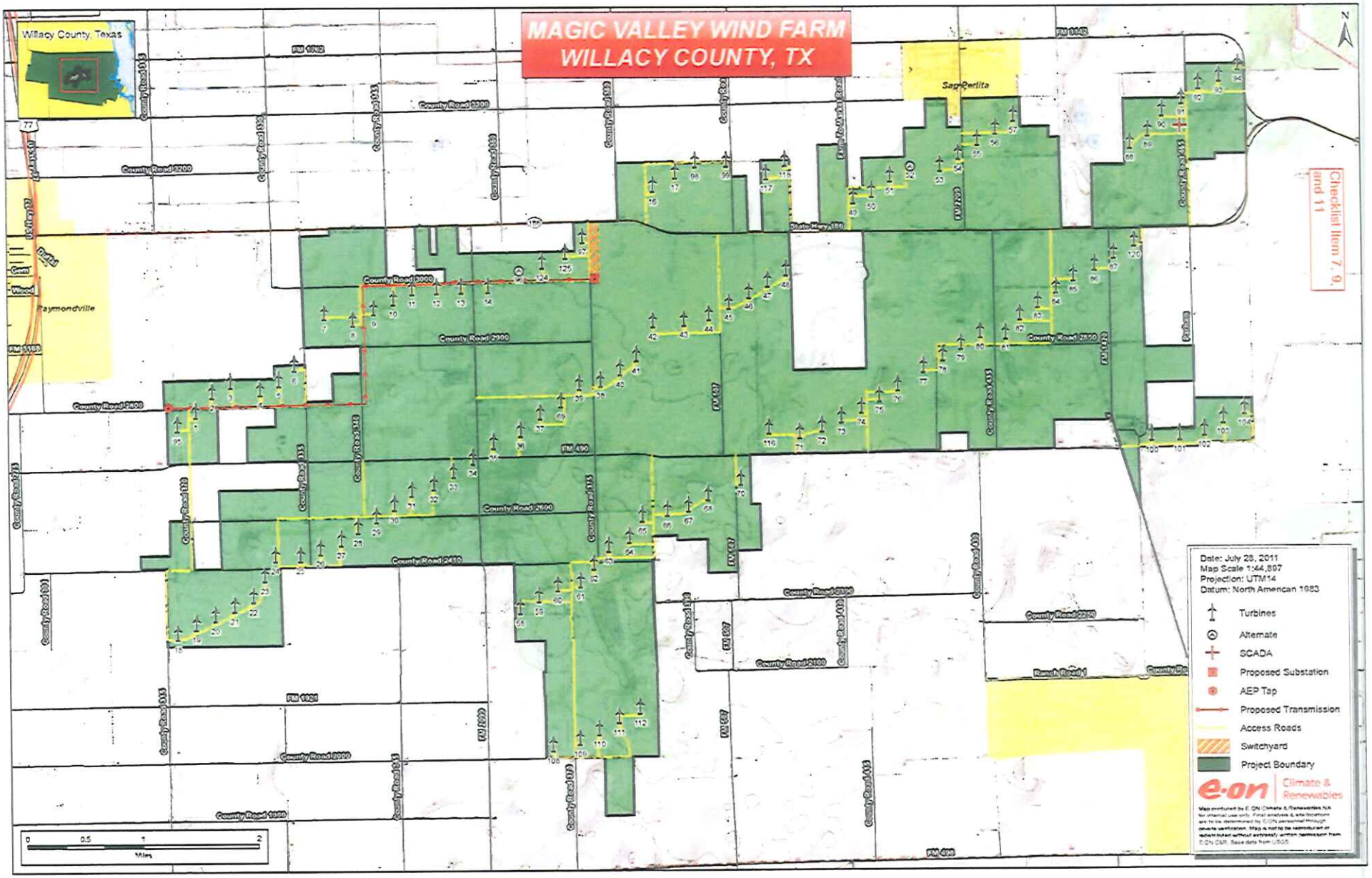
8. Overhead transmission line, 138 kV between the substation and the utility interconnection

9. Underground power cables from, and various cable accessories, with grounding.

10. O&M building with offices and warehouse, with standard utilities

11. Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.

12. Underground communication cables


MAGIC VALLEY WIND FARM
WILLACY COUNTY, TX
Willacy County, Texas
Raymondville
Sarita
Checklist Item 7, 9, and 11
Date: July 28, 2011
Map Scale 1:44,897
Projection: UTM14
Datum: North American 1983
Turbines
Alternate
SCADA
Proposed Substation
AEP Tap
Proposed Transmission
Access Roads
Switchyard
Project Boundary
e·on Climate & Renewables
Miles

Checklist Item 8

DESCRIPTION OF QUALIFIED PROPERTY

1. One Hundred and twelve (112) Vestas V90 1.815 MW wind turbine generator system with grounding, comprising a three-bladed, horizontal-axis wind turbine, employing active yaw control, active blade pitch control and a variable speed generator, more precisely described as follows:

    a. Rotor with a diameter of 90 m, designed to operate in upwind configuration, comprised of three blades mounted to a cast iron hub, designed to operate between 0 and 16 rpm

    b. Three blades manufactured from carbon fiber, wood, fiberglass, epoxy.

    c. Blade pitch control system

    d. Hub manufactured from cast iron connecting the blades to the turbine main shaft and housing the blade pitch systems

    e. Gearbox with vibration-damping mountings and a parking brake

    f. Bearings

    g. Gearbox lubrication system

    h. Brake system,

    i. Variable speed asynchronous generator

    j. Flexible coupling to protect drive train from excessive torque loads

    k. Yaw system

    l. 112Towers, 80 m ground to hub.

    m. Nacelle, with sound-insulating foam to reduce acoustic emissions

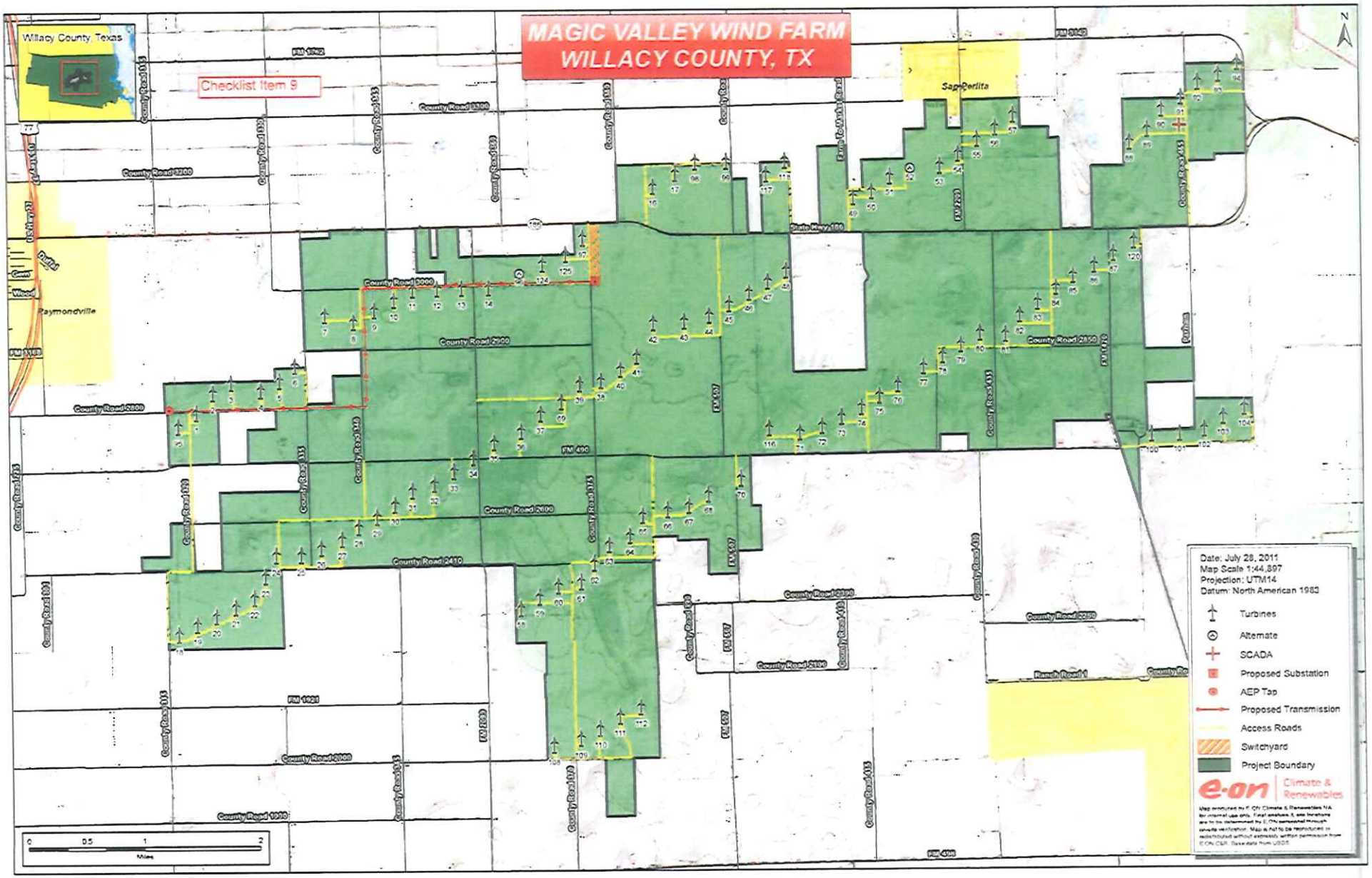
    n. Anemometer, wind vane and lightning protection system.

    o. Control system consisting of on-site (at base of tower) and remote (SCADA) control with local lockout capability

2. Roadwork, sloped for drainage, with turnouts from public roads

3. Fencing to control livestock and to protect substations and other equipment as needed for safety and security.

4. 112 wind turbine generator foundations, with anchor bolt embeds and template rings
5. Wind turbine obstruction lighting per FAA requirements
6. Telephone system
7. Substations, including a 138/34.5 kV utility interconnect substation, including a control building, two 140 MVA transformers with load tap changers, 138 kV circuit breakers,34.5 circuit breakers and reactive power compensation equipment.
8. Overhead transmission line, 138 kV between the substation and the utility interconnection
9. Underground power cables from, and various cable accessories, with grounding.
10. O&M building with offices and warehouse, with standard utilities
11. Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
12. Underground communication cables


MAGIC VALLEY WIND FARM
WILLACY COUNTY, TX
Willacy County, Texas
Checklist Item 9
Raymondville
Sap Perlita
Date: July 28, 2011
Map Scale 1:44,897
Projection: UTM14
Datum: North American 1983
Turbines
Alternate
SCADA
Proposed Substation
AEP Tap
Proposed Transmission
Access Roads
Switchyard
Project Boundary
e·on Climate & Renewables
Miles

Checklist Item 10

July 8, 2010
Special Meeting

VOL. 139 PAGE 275

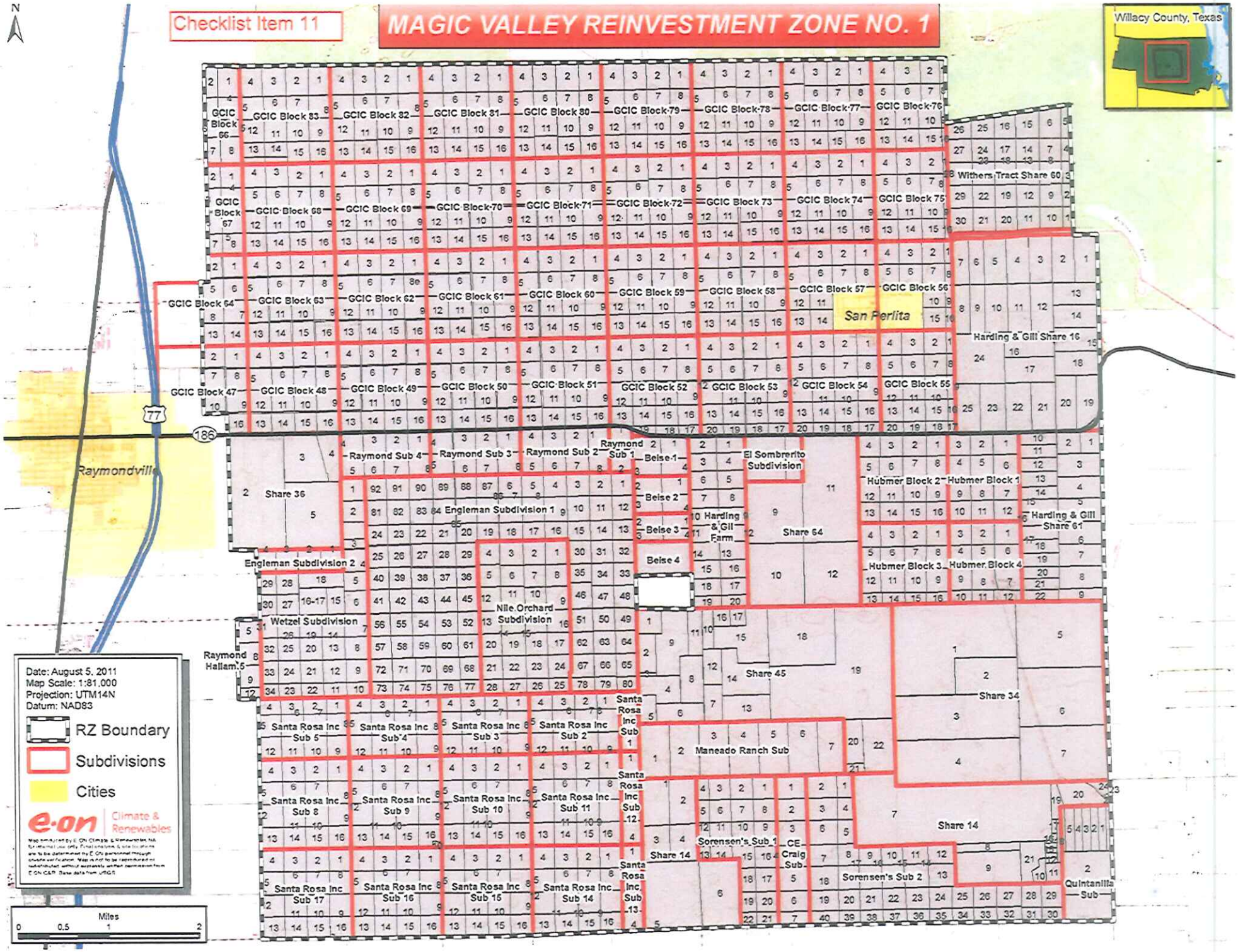
Exhibit A
Legal Description of Reinvestment Zone

Magic Valley Reinvestment Zone No. 1 to include the following real property in Willacy County, Texas, except any such real property currently located within the incorporated city limits of the City of Raymondville, Texas, as seen in the attached Exhibit:

- All of the Lots in the Withers Tract Subdivision out of Share #60, San Juan De Carricitos Grant;
- Lots 1, 2, 7, 8, 9, 10, and 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Blocks 48 through 63 and 68 through 83 (inclusive) of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 5, 6, 7, 8, 13, and 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 66 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Harding & Gill Subdivision out of Share #16, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Subdivision out of Share #61, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Farm Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. F. Hubmer Subdivision;
- All of the Lots in Share #64, San Juan De Carricitos Grant;
- All of the Lots in Share #36, San Juan De Carricitos Grant;
- All of the Lots in the El Sombrerito Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. H. Beise Subdivision;
- All of the Lots in Blocks 1, 2, 3, and 4 of the Raymond Subdivision;
- All of the Lots in the Engelman Subdivision Number One;
- All of the Lots in the Engelman Subdivision Number Two;
- All of the Lots in the Nile Orchard Subdivision;
- All of the Lots of the Wetzel Subdivision;
- All of the Lots in Block 5 of the Raymond Hallam Subdivision;
- All of the Lots in Blocks 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of the Santa Rosa Subdivision;
- All of the Lots in the Mancado Ranch Subdivision;
- All of the Lots in the Sorenson's Number 1 Subdivision;
- All of the Lots in the C.E. Craig Subdivision;
- All of the Lots in the Sorenson's Number 2 Subdivision;
- All of the Lots in Share #45, San Juan De Carricitos Grant;
- Lots 1, 2, 3, 4, 5, 6, and 7 of the Garcia Property Subdivision out of Share #34, San Juan De Carricitos Grant;
- All of the Lots in Share #14, San Juan De Carricitos Grant, North of Farm to Market Road 498; and
- All of the Lots in the Quantanilla Subdivision.

Checklist Item 11

MAGIC VALLEY REINVESTMENT ZONE NO. 1



Checklist Item 12

There are no existing improvements

Checklist Item 13

Request for Waiver of Jobs Creation Requirement

Pursuant to Section 313.025 (f-1) of the Texas Tax Code, the governing body of a school district may waive the new jobs creation requirement in Section 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if the governing body makes a finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in this application.

The table below illustrates the estimated investment, installed in megawatts, and number of qualifying jobs to be created by the wind project. The project will encompass three (3) school districts. The operations and maintenance demands of the project will be sufficient to create a total of six-eight (6-8) full-time jobs. This number of jobs is consistent with the total number of jobs created by other recent E.ON projects in the previous year, and E.ON believes this number to be consistent with (and possibly higher than) the industry standard number of full-time jobs which is 1 job per 20 wind turbine generators. According to econometric projections, and based on E.ON's experience with existing operational wind projects in proximity to the proposed project, E.ON's investments in the District will result in substantially increased local economic activity, which, in addition to creating new jobs, will have a positive effect on existing jobs.

The proposed project cannot sustain the minimum requirement of 10 jobs per each school district in which the project is to be located (*i.e.*, it cannot create 30 full-time jobs). Accordingly, E.ON does hereby requests that Raymondville I.S.D. find that the District's jobs creation requirement exceeds industry standard and waive its requirement that E.ON's project create a minimum number of jobs within the District, in accordance with Chapter 313 of the Texas Tax Code.

203.28 MW Project	San Perlita ISD	Lyford CISD	Raymondville ISD
Estimated Investment	$38,115,000	$92,574,000	$72,591,000
Percentage per ISD	18.75%	45.54%	35.71%
Installed Turbines	21 of 112	51 of 112	40 of 112
Installed MW	38.115 MW	92.565 MW	72.6 MW
Total Qualifying Jobs	1 of 6*	3 of 6*	2 of 6*

**E.ON anticipates a total of 6 full-time jobs will be created by the project. These jobs may not be to a specific school district, as the duties associated with the operations and maintenance of the project are likely to keep each employee active in all three school districts.*

Checklist Item 14

ATTACHMENT

CALCULATION OF WAGE REQUIREMENTS-WILLACY COUNTY

110% of County Average Weekly Wage for all Jobs

2010	1Q	575
2010	2Q	603
2010	3Q	598
2010	4Q	643

2419/4 = $604.75 average weekly salary
X 1.1 (110%)
$665.23*110% of County Average Weekly Wage for all Jobs*

110% of County Average Weekly Wage for Manufacturing Jobs in County

2010	1Q	737
2010	2Q	501
2010	3Q	586
2010	4Q	658

2482/4 = $620.50 average weekly salary
X 1.1 (110%)
$682.55 *110% of County Average Weekly Wage for Manufacturing Jobs*

110 % of County Average Weekly Wage for Manufacturing Jobs in Region (Lower Rio Grande Valley)

$14.35 per hour
X 40 hr per week
$ 574.00 average weekly salary

$574 average weekly salary
X 1.10 (110%)
$631.40

$759.88
X 52 weeks
$32,832.80 *110% of County Average Weekly Wage for all Jobs in Region*

2010 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages Hourly	Wages Annual
Texas		
1. Panhandle Regional Planning Commission	$18.60	$38,683
2. South Plains Association of Governments	$16.21	$33,717
3. NORTEX Regional Planning Commission	$18.34	$38,153
4. North Central Texas Council of Governments	$23.45	$48,777
5. Ark-Tex Council of Governments	$15.49	$32,224
6. East Texas Council of Governments	$17.63	$36,672
7. West Central Texas Council of Governments	$17.48	$36,352
8. Rio Grande Council of Governments	$15.71	$32,683
9. Permian Basin Regional Planning Commission	$19.90	$41,398
10. Concho Valley Council of Governments	$15.33	$31,891
11. Heart of Texas Council of Governments	$17.91	$37,257
12. Capital Area Council of Governments	$25.37	$52,778
13. Brazos Valley Council of Governments	$15.24	$31,705
14. Deep East Texas Council of Governments	$15.71	$32,682
15. South East Texas Regional Planning Commission	$27.56	$57,333
16. Houston-Galveston Area Council	$24.52	$51,002
17. Golden Crescent Regional Planning Commission	$20.07	$41,738
18. Alamo Area Council of Governments	$17.28	$35,952
19. South Texas Development Council	$13.27	$27,601
20. Coastal Bend Council of Governments	$21.55	$44,822
21. Lower Rio Grande Valley Development Council	$14.35	$29,846
22. Texoma Council of Governments	$18.10	$37,651
23. Central Texas Council of Governments	$17.21	$35,788
24. Middle Rio Grande Development Council	$13.21	$27,471

Source: Texas Occupational Employment and Wages
Data published: June 2011
Data published annually, next update will be June 2012.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).
Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.
Data intended for TAC 313 purposes only.

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Willacy County	Private	00	0	10	Total, All Industries	$575
2010	2nd Qtr	Willacy County	Private	00	0	10	Total, All Industries	$603
2010	3rd Qtr	Willacy County	Private	00	0	10	Total, All Industries	$598
2010	4th Qtr	Willacy County	Private	00	0	10	Total, All Industries	$643
2010	4th Qtr	Willacy County	Private	31	2	31-33	Manufacturing	$658
2010	3rd Qtr	Willacy County	Private	31	2	31-33	Manufacturing	$586
2010	2nd Qtr	Willacy County	Private	31	2	31-33	Manufacturing	$501
2010	1st Qtr	Willacy County	Private	31	2	31-33	Manufacturing	$737

Checklist Item 15

Description of Benefits

The following list is a description of the benefits provided to all full-time employees with E.ON Climate & Renewables, N.A. Inc.:

- Medical Insurance
- Prescription Insurance
- Dental Insurance
- Vision Insurance
- Life & Personal Accident Insurance
- Short- and Long-Term Disability Benefits
- Free instructor led and online training
- Tuition reimbursement
- Employee Assistance Program
- Adoption Assistance
- Health Care Flexible Spending Account Plan
- Dependent Care Flexible Spending Account Plan
- Commuter Benefits Program
- Purchasing Advantages through Insperity's MarketPlace
- 401(k) Plan
- Making Friends international exchange program for children of employees
- 15 to 25 days of paid vacation per year
- 12 paid holidays per year
- Paid family and medical leave
- Paid military leave

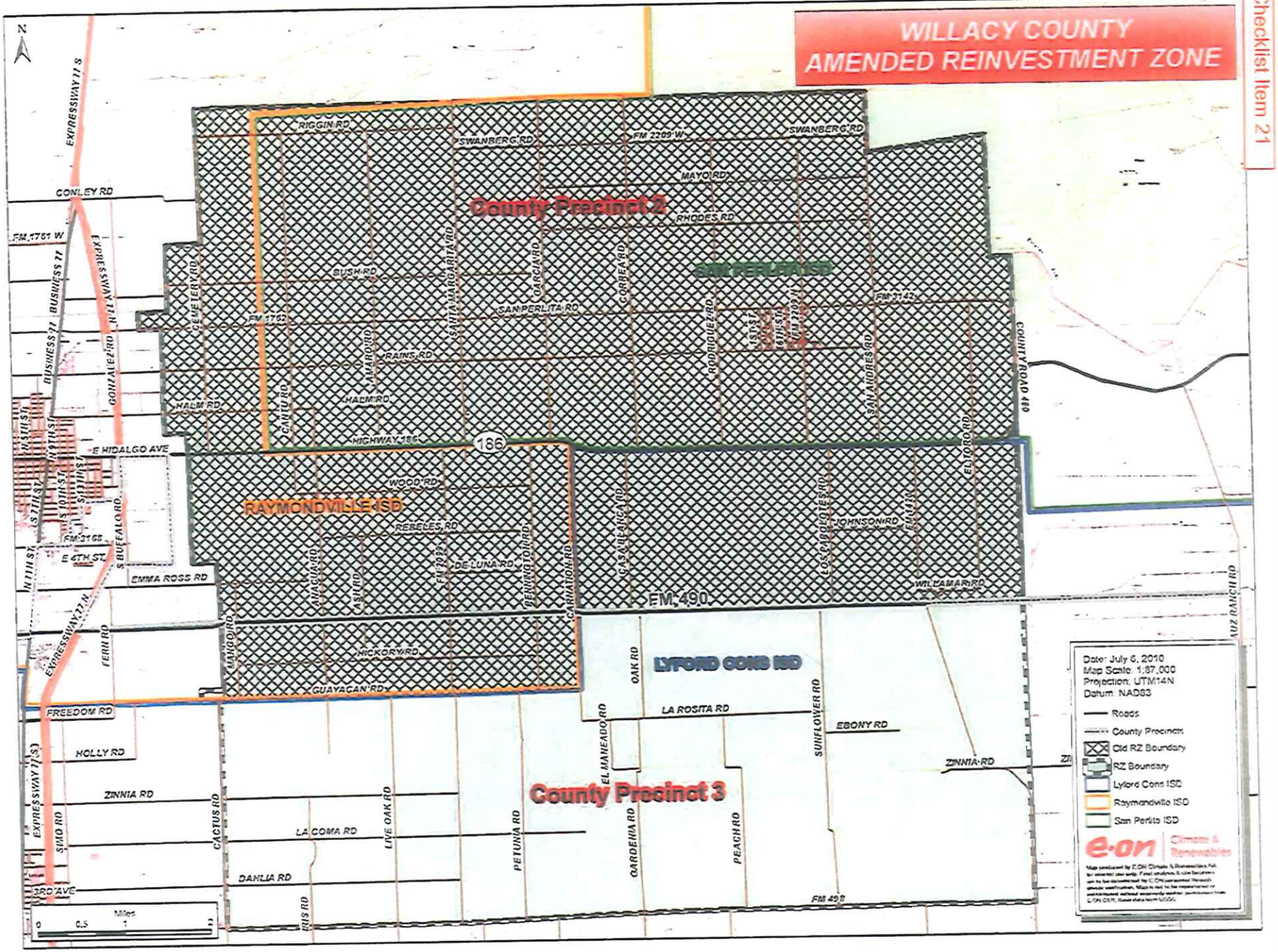
Checklist Item 16

Economic Impact Report

E.ON will not be including a Economic Impact Report, thus Checklist Item 16 is N/A.

Checklist Item 21

WILLACY COUNTY AMENDED REINVESTMENT ZONE



Schedule A (Rev. May 2010): Investment (in millions)

Applicant Name: Magic Valley Wind Farm I, LLC.
ISD Name: Raymondville Independent School District

Checklist Item 17

Form 50-296

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)		2011-2012	2011	$0.00	$0.00		$0.00	$0.00
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)				$2,000,000.00	$0.00		$0.00	$2,000,000.00
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)				$850,000.00	$0.00	$850,000.00	$0.00	$850,000.00
	Complete tax years of qualifying time period	1	2012-2013	2012	$68,991,000.00	$750,000.00	$69,741,000.00	$0.00	$69,741,000.00
		2	2013-2014	2013	$0.00	$0.00	$0.00	$0.00	$0.00
	Value Limitation Period	3	2014-2015	2014	$0.00	$0.00		$0.00	$0.00
Tax Credit Period (with 50% cap on credit)		4	2015-2016	2015	$0.00	$0.00		$0.00	$0.00
		5	2016-2017	2016	$0.00	$0.00		$0.00	$0.00
		6	2017-2018	2017	$0.00	$0.00		$0.00	$0.00
		7	2018-2019	2018	$0.00	$0.00		$0.00	$0.00
		8	2019-2020	2019	$0.00	$0.00		$0.00	$0.00
		9	2020-2021	2020	$0.00	$0.00		$0.00	$0.00
		10	2021-2022	2021	$0.00	$0.00		$0.00	$0.00
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2022-2023	2022	$0.00	$0.00		$0.00	$0.00
		12	2023-2024	2023	$0.00	$0.00		$0.00	$0.00
		13	2024-2025	2024	$0.00	$0.00		$0.00	$0.00
Post- Settle-Up Period		14	2025-2026	2025	$0.00	$0.00		$0.00	$0.00
Post- Settle-Up Period		15	2026-2027	2026	$0.00	$0.00		$0.00	$0.00

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).
For the purposes of investment, please list amount invested each year, not cumulative totals.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).
For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility.
The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8/30/11
DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value (in millions)

Applicant Name: Magic Valley Wind Farm I, LLC.

ISD Name: Raymondville Independent School District

Checklist Item 18

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
		pre- year 1	2011-2012	2011	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	Complete tax years of qualifying time period	1	2012-2013	2012	$0.00	$750,000.00	$2,850,000.00	$0.00	$3,600,000.00	$3,600,000.00
		2	2013-2014	2013	$0.00	$712,500.00	$68,991,000.00	$0.00	$69,703,500.00	$69,703,500.00
	Value Limitation Period	3	2014-2015	2014	$0.00	$676,875.00	$65,541,450.00	$0.00	$66,218,325.00	$10,000,000.00
Tax Credit Period (with 50% cap on credit)		4	2015-2016	2015	$0.00	$643,031.25	$62,264,377.50	$0.00	$62,907,408.75	$10,000,000.00
		5	2016-2017	2016	$0.00	$610,879.69	$59,151,158.63	$0.00	$59,762,038.31	$10,000,000.00
		6	2017-2018	2017	$0.00	$580,335.70	$56,193,600.69	$0.00	$56,773,936.40	$10,000,000.00
		7	2018-2019	2018	$0.00	$551,318.92	$53,383,920.66	$0.00	$53,935,239.58	$10,000,000.00
		8	2019-2020	2019	$0.00	$523,752.97	$50,714,724.63	$0.00	$51,238,477.60	$10,000,000.00
		9	2020-2021	2020	$0.00	$497,565.32	$48,178,988.39	$0.00	$48,676,553.72	$10,000,000.00
		10	2021-2022	2021	$0.00	$472,687.06	$45,770,038.98	$0.00	$46,242,726.03	$10,000,000.00
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2022-2023	2022	$0.00	$449,052.70	$43,481,537.03	$0.00	$43,930,589.73	$43,930,589.73
		12	2023-2024	2023	$0.00	$426,600.07	$41,307,460.17	$0.00	$41,734,060.24	$41,734,060.24
		13	2024-2025	2024	$0.00	$405,270.07	$39,242,087.17	$0.00	$39,647,357.23	$39,647,357.23
Post- Settle-Up Period		14	2025-2026	2025	$0.00	$385,006.56	$37,279,982.81	$0.00	$37,664,989.37	$37,664,989.37
Post- Settle-Up Period		15	2026-2027	2026	$0.00	$365,756.23	$35,415,983.67	$0.00	$35,781,739.90	$35,781,739.90

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8/30/11

DATE

Schedule C- Application: Employment Information

Checklist Item 19

Applicant Name Magic Valley Wind Farm I, LLC
ISD Name Raymondville Independent School District

Form 50-296

					Construction		New Jobs		Qualifying Jobs	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
		pre- year 1	2011-2012	2011	0	N/A	0	N/A	0	0
	Complete tax years of qualifying time period	1	2012-2013	2012	35 FTE	$40,268	2	$40,268	2	$40,268
		2	2013-2014	2013	0	N/A	2	$40,268	2	$40,268
	Value Limitation Period	3	2014-2015	2014	0	N/A	2	$40,268	2	$40,268
Tax Credit Period (with 50% cap on credit)		4	2015-2016	2015	0	N/A	2	$40,268	2	$40,268
		5	2016-2017	2016	0	N/A	2	$40,268	2	$40,268
		6	2017-2018	2017	0	N/A	2	$40,268	2	$40,268
		7	2018-2019	2018	0	N/A	2	$40,268	2	$40,268
		8	2019-2020	2019	0	N/A	2	$40,268	2	$40,268
		9	2020-2021	2020	0	N/A	2	$40,268	2	$40,268
		10	2021-2022	2021	0	N/A	2	$40,268	2	$40,268
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2022-2023	2022	0	N/A	2	$40,268	2	$40,268
		12	2023-2024	2023	0	N/A	2	$40,268	2	$40,268
		13	2024-2025	2024	0	N/A	2	$40,268	2	$40,268
Post- Settle-Up Period		14	2025-2026	2025	0	N/A	2	$40,268	2	$40,268
Post- Settle-Up Period		15	2026-2027	2026	0	N/A	2	$40,268	2	$40,268

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8/30/11
DATE

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name Magic Valley Wind Farm I, LLC. Checklist Item 20

ISD Name Raymondville Independent School District Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2011-2012	2011	$1,206,998.00	$1,643,002.00	$0.00	0%	0%	0%	0%
	Complete tax years of qualifying time period	1	2012-2013	2012	$3,620,994.00	$66,120,006.00	$0.00	0%	0%	0%	0%
		2	2013-2014	2013	$0.00	$0.00	$0.00	70%	0%	70%	50%
	Value Limitation Period	3	2014-2015	2014	$0.00	$0.00	$0.00	70%	0%	70%	50%
Tax Credit Period (with 50% cap on credit)		4	2015-2016	2015	$0.00	$0.00	$0.00	70%	0%	70%	50%
		5	2016-2017	2016	$0.00	$0.00	$0.00	70%	0%	70%	50%
		6	2017-2018	2017	$0.00	$0.00	$12,498.50	70%	0%	70%	50%
		7	2018-2019	2018	$0.00	$0.00	$57,136.00	70%	0%	70%	50%
		8	2019-2020	2019	$0.00	$0.00	$82,133.00	70%	0%	70%	50%
		9	2020-2021	2020	$0.00	$0.00	$87,846.60	70%	0%	70%	50%
		10	2021-2022	2021	$0.00	$0.00	$89,275.00	70%	0%	70%	50%
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2022-2023	2022	$0.00	$0.00	$104,987.40	70%	0%	70%	50%
		12	2023-2024	2023	$0.00	$0.00	$151,767.50	0%	0%	0%	0%
		13	2024-2025	2024	$0.00	$0.00	$161,766.30	0%	0%	0%	0%
Post- Settle-Up Period		14	2025-2026	2025	$0.00	$0.00	$171,050.90	0%	0%	0%	0%
Post- Settle-Up Period		15	2026-2027	2026	$0.00	$0.00	$183,549.40	0%	0%	0%	0%

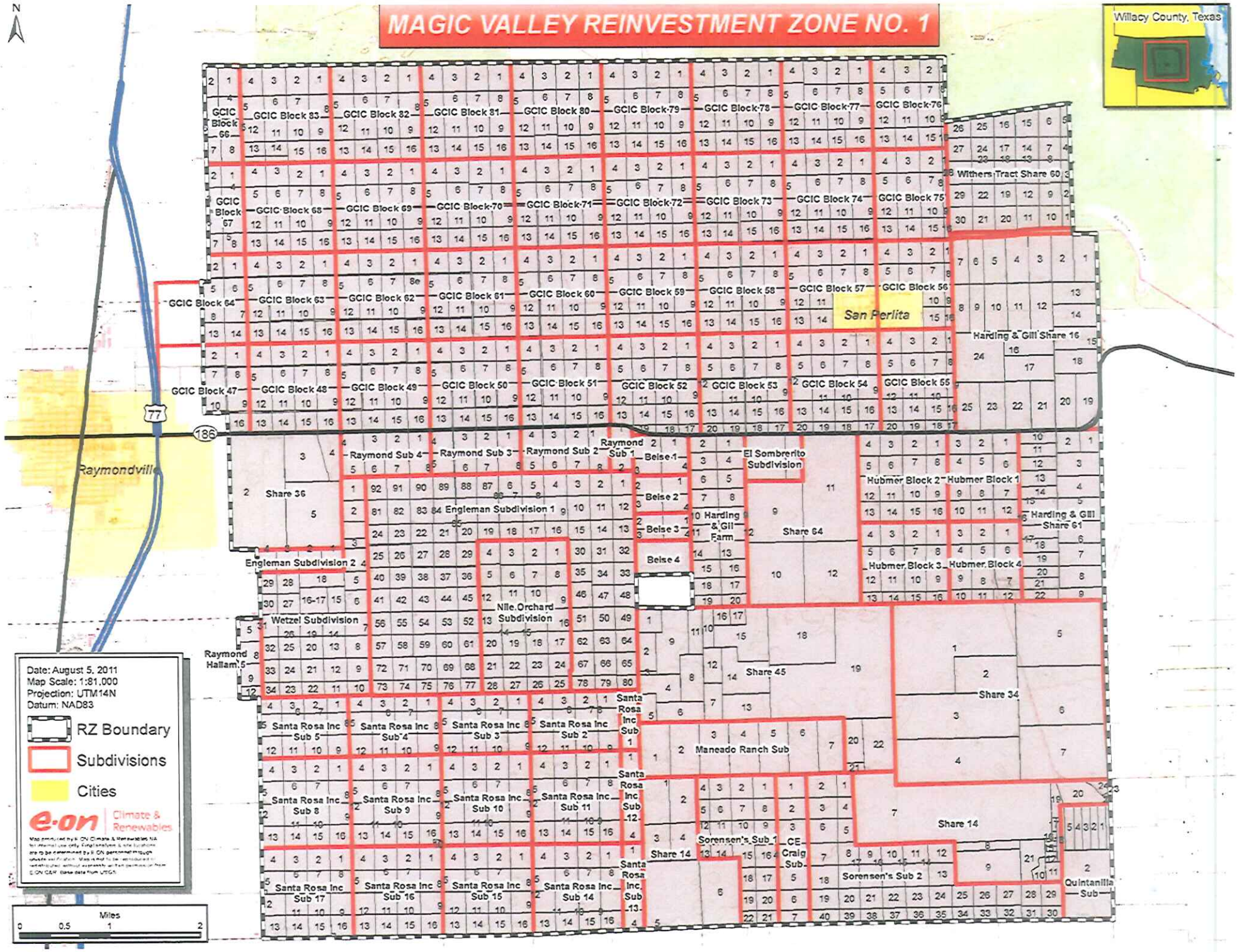
*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8/30/11

DATE

MAGIC VALLEY REINVESTMENT ZONE NO. 1



Checklist Item 22

July 8, 2010
Special Meeting

Agenda #5
IN REGARDS TO APPROVE
DISCUSSION, CONSIDERATION
AND ACTION ON THE APPLICATION
OF EC&R DEVELOPMENT, LLC FOR
DESIGNATION OF CERTAIN ADDITIONAL
PROPERTY LOCATED IN WILLACY COUNTY
TO BE ADDED TO EXPAND THE EXISTING
AREA OF THE "MAGIC VALLEY REINVESTMENT
ZONE NO. 1" (THE "REINVESTMENT ZONE"),
TO BE ELIGIBLE FOR PROPERTY TAX ABATEMENT
UNDER CHAPTER 312 OF THE TEXAS TAX CODE
SAID REINVESTMENT ZONE HAVING ORIGINALLY
BEEN CREATED BY RESOLUTION DATED ON OR ABOUT
JULY 13, 2009, AND CORRECTED BY THAT CERTAIN
RESOLUTION NUNC PRO TUNC DATED ON OR ABOUT
AUGUST 10, 2009

Motion was made by Commissioner Chapa, seconded by Commissioner A. Guerra to approve the application of EC&R Development, LLC, for designation of certain additional property located in Willacy County to be added to expand the existing area of the "Magic Valley Reinvestment Zone No. 1" (the "Reinvestment Zone"), to be eligible for property tax abatement under Chapter 312 of the Texas Tax Code, said Reinvestment Zone having originally been created by Resolution dated on or about July 13, 2009, and corrected by that certain Resolution Nunc pro Tunc dated on or about August 10, 2009 with the condition that we will finalize once we have it in writing . Motion was put before the Court by the chairman. Commissioners A. Guerra, Chapa, Serrato and E. Guerra voting AYE. NAYS NONE. Motion was declared carried

Order re Approving the Expansion and Amendment to the Magic Valley Reinvestment Zone No. 1 and Tax Abatement Agreement	§ § § §	Commissioners' Court Willacy County, Texas

Order Approving the Expansion and Amendment to the Magic Valley Reinvestment Zone No. 1 and Tax Abatement Agreement

The Commissioners' Court of Willacy County, Texas, meeting in regular session on the 8th day of July, 2010, considered the following resolution:

WHEREAS, on or about July 13, 2009, after conducting a public hearing on the matter, the Willacy County Commissioners' Court passed and approved an order designating certain property in Willacy County, Texas, as a Reinvestment Zone under Chapter 312 of the Texas Tax Code to be called the "Magic Valley Reinvestment Zone No. 1" (the "Reinvestment Zone"), and did further pass and approve an order approving that certain Tax Abatement Agreement dated July 13, 2009, by and between Willacy County, Texas and EC&R Development, LLC (the "Tax Abatement Agreement"), covering property within the Reinvestment Zone, as passed and approved by Orders dated July 13, 2009, and did further authorize the execution of said Tax Abatement Agreement by the Presiding Officer of the Commissioners' Court.

WHEREAS, on or about August 10, 2009, after conducting a public hearing on the matter, the Commissioners' Court issued a Order Nunc Pro Tunc correcting certain inconsistencies and clerical errors with respect to the real property description of the Reinvestment Zone as contained in the public notice and the posted agenda for the July 13, 2009 Commissioners' Court meeting, and did further ratify and confirm the designation of property described in the Order Designating the Reinvestment Zone dated July 13, 2009, and also attached as Exhibit A to said Order Nunc Pro Tunc, and did further ratify and confirm that such Reinvestment Zone as the "Magic Valley Reinvestment Zone No. 1." Said Nunc Pro Tunc Order is filed in the minutes of the Court effective July 13, 2009.

WHEREAS, contemporaneously with the Order Nunc Pro Tunc correcting the Reinvestment Zone, the Commissioners' Court issued an Order Nunc Pro Tunc correcting and amending the Tax Abatement Agreement to correct the inconsistencies and clerical errors with respect to the real property description of the Reinvestment Zone and the original Tax Abatement Agreement. Said Nunc Pro Tunc Order is filed in the minutes of the Court effective July 13, 2009.

WHEREAS, on or about July 8, 2010, after conducting a public hearing on the matter, the Willacy County Commissioners' Court passed and approved an order designating and adding certain additional real property in Willacy County, Texas, to the Reinvestment Zone pursuant to Chapter 312 of the Texas Tax Code, and did further pass and approve an order approving that certain Amendment No. 1 to Tax Abatement

Agreement dated July 13, 2009, by and between Willacy County, Texas and EC&R Development, LLC (the "First Amendment"), to cover the additional real property added to the Reinvestment Zone, and did further authorize the execution of said First Amendment by the Presiding Officer of the Commissioners' Court.

NOW THEREFORE, after due consideration and examination of the public notice, the posted agenda for the July 8, 2010 Commissioners' Court meeting, the Order Designating the Reinvestment Zone dated July 13, 2009, the Order Approving the Tax Abatement Agreement dated July 13, 2009, both passed and approved by the Court on July 13, 2009, the Abatement Agreement dated July 13, 2009, and the Orders Nunc Pro Tunc for Ratification, Correction, Confirmation and Designation of the Reinvestment Zone and Tax Abatement Agreement dated August 10, 2009, both passed and approved by the Court on August 10, 2009, and after conducting a public hearing regarding the expansion of the Reinvestment Zone and the First Amendment to the Tax Abatement Agreement, the Court finds as follows:

BE IT ORDERED BY THE COMMISSIONERS' COURT OF WILLACY COUNTY, TEXAS, AS FOLLOWS:

1. THAT by order of this Commissioners' Court dated July 13, 2009, the County previously designated the Reinvestment Zone located in Willacy County to be called the "Magic Valley Reinvestment Zone No. 1", under the Willacy County Tax Abatement Guidelines and Criteria, having determined that the designation will contribute to the retention and expansion of primary employment or will attract major investment in the zone that will benefit the zone and will contribute to the economic development of the County, and

2. THAT by Order of this Commissioners' Court dated July 13, 2009, the County previously approved that certain Tax Abatement Agreement between Willacy County, Texas and EC&R Development LLC dated July 13, 2009,

3. THAT the Willacy County Commissioners' Court did find the Abatement Agreement dated July 13, 2009 complies with Chapter 312 of the Texas Property Tax Code, and the Willacy County Tax Abatement Guidelines and Criteria for Granting Tax Abatements adopted and in force by the Willacy County Commissioners' Court.

4. THAT the Willacy County Commissioners' Court authorized the Presiding Officer of the Court to execute and does hereby ratify the execution of the Abatement Agreement on behalf of the County and passed a resolution or order dated July 13, 2009 to that effect.

5. THAT by Orders Nunc Pro Tunc dated August 10, 2009, the Willacy County Commissioners' Court corrected certain inconsistencies and clerical errors with respect to the real property description of the Reinvestment Zone as contained in the public notice and the posted agenda for the July 13, 2009

Commissioners' Court meeting, and did further ratify and confirm the designation of property described in the Order Designating the Reinvestment Zone and the Tax Abatement Agreement, attached as Exhibit A to said Order Nunc Pro Tunc.

6. THAT this Commissioners' Court hereby amends and expands the Reinvestment Zone to include all real property located in Willacy County as described in the attached Exhibit A, having determined that the amendment, expansion and designation will contribute to the retention and expansion of primary employment or will attract major investment in the zone that will benefit the zone and will contribute to the economic development of the County.

7. THAT the County declare eligible for property tax abatement all eligible property for commercial-industrial development, now or thereafter located in that Reinvestment Zone as authorized by the Willacy County Tax Abatement Guidelines and Criteria in reinvestment zones and Chapter 312 of the Texas Tax Code.

8. THAT the Commissioners' Court hereby ratifies and confirms the designation of property described in this Resolution and attached as Exhibit A hereto, and that such Reinvestment Zone, as herein amended, shall be called the "Magic Valley Reinvestment Zone No. 1."

9. THAT the Willacy County Commissioners' Court finds EC&R Development, LLC is not in breach of the Tax Abatement Agreement.

10. THAT the Willacy County Commissioners' Court hereby ratifies, confirms and approves the prior Order Approving the Tax Abatement Agreement dated July 13, 2009, and the Order Nunc Pro Tunc dated August 10, 2009.

11. THAT the Willacy County Commissioners' Court hereby amends the Tax Abatement Agreement to include the real property added to the Reinvestment Zone as described in the attached Exhibit A, having determined that the First Amendment complies with the Tax Abatement Agreement, Chapter 312 of the Texas Property Tax Code, and the Guidelines and Criteria for Granting Tax Abatements adopted and in force by the Willacy County Commissioners' Court.

12. THAT the Willacy County Commissioners Court authorizes the Presiding Officer to execute the First Amendment to the Tax Abatement Agreement on behalf of Willacy County effective July 8, 2010.

Checklist Item 23

July 8, 2010
Special Meeting

Exhibit A
Legal Description of Reinvestment Zone

Magic Valley Reinvestment Zone No. 1 to include the following real property in Willacy County, Texas, except any such real property currently located within the incorporated city limits of the City of Raymondville, Texas, as seen in the attached Exhibit:

- All of the Lots in the Withers Tract Subdivision out of Share #60, San Juan De Carricitos Grant;
- Lots 1, 2, 7, 8, 9, 10, and 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Blocks 48 through 63 and 68 through 83 (inclusive) of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 5, 6, 7, 8, 13, and 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 66 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Harding & Gill Subdivision out of Share #16, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Subdivision out of Share #61, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Farm Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. F. Hubmer Subdivision;
- All of the Lots in Share #64, San Juan De Carricitos Grant;
- All of the Lots in Share #36, San Juan De Carricitos Grant;
- All of the Lots in the El Sombrerito Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. H. Beise Subdivision;
- All of the Lots in Blocks 1, 2, 3, and 4 of the Raymond Subdivision;
- All of the Lots in the Engelman Subdivision Number One;
- All of the Lots in the Engelman Subdivision Number Two;
- All of the Lots in the Nile Orchard Subdivision;
- All of the Lots of the Wetzel Subdivision;
- All of the Lots in Block 5 of the Raymond Hallam Subdivision;
- All of the Lots in Blocks 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of the Santa Rosa Subdivision;
- All of the Lots in the Mancado Ranch Subdivision;
- All of the Lots in the Sorenson's Number 1 Subdivision;
- All of the Lots in the C.E. Craig Subdivision;
- All of the Lots in the Sorenson's Number 2 Subdivision;
- All of the Lots in Share #45, San Juan De Carricitos Grant;
- Lots 1, 2, 3, 4, 5, 6, and 7 of the Garcia Property Subdivision out of Share #34, San Juan De Carricitos Grant;
- All of the Lots in Share #14, San Juan De Carricitos Grant, North of Farm to Market Road 498; and
- All of the Lots in the Quantanilla Subdivision.

Passed and approved at this public hearing of the Willacy County Commissioners' Court at which a quorum was present on the 8th day of July, 2010.

Willacy County Judge

Commissioner Precinct 1

Commissioner Precinct 3

Commissioner Precinct 2

Commissioner Precinct 4

The foregoing Resolution is a true and correct copy of the actual Resolution passed by the Willacy County Commissioners' Court in open and regular session at the Willacy County Courthouse at _____.m. on the 8th day of July, 2010.

Willacy County Clerk
Willacy County, Texas

Checklist Item 23

July 8, 2010
Special Meeting

Exhibit A
Legal Description of Reinvestment Zone

Magic Valley Reinvestment Zone No. 1 to include the following real property in Willacy County, Texas, except any such real property currently located within the incorporated city limits of the City of Raymondville, Texas, as seen in the attached Exhibit:

- All of the Lots in the Withers Tract Subdivision out of Share #60, San Juan De Carricitos Grant;
- Lots 1, 2, 7, 8, 9, 10, and 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Blocks 48 through 63 and 68 through 83 (inclusive) of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 5, 6, 7, 8, 13, and 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 66 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Harding & Gill Subdivision out of Share #16, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Subdivision out of Share #61, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Farm Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. F. Hubmer Subdivision;
- All of the Lots in Share #64, San Juan De Carricitos Grant;
- All of the Lots in Share #36, San Juan De Carricitos Grant;
- All of the Lots in the El Sombrerito Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. H. Beise Subdivision;
- All of the Lots in Blocks 1, 2, 3, and 4 of the Raymond Subdivision;
- All of the Lots in the Engelman Subdivision Number One;
- All of the Lots in the Engelman Subdivision Number Two;
- All of the Lots in the Nile Orchard Subdivision;
- All of the Lots of the Wetzel Subdivision;
- All of the Lots in Block 5 of the Raymond Hallam Subdivision;
- All of the Lots in Blocks 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of the Santa Rosa Subdivision;
- All of the Lots in the Maneado Ranch Subdivision;
- All of the Lots in the Sorenson's Number 1 Subdivision;
- All of the Lots in the C.E. Craig Subdivision;
- All of the Lots in the Sorenson's Number 2 Subdivision;
- All of the Lots in Share #45, San Juan De Carricitos Grant;
- Lots 1, 2, 3, 4, 5, 6, and 7 of the Garcia Property Subdivision out of Share #34, San Juan De Carricitos Grant;
- All of the Lots in Share #14, San Juan De Carricitos Grant, North of Farm to Market Road 498; and
- All of the Lots in the Quantanilla Subdivision.

Checklist Item 24

Resolution re Eligibility to	§	**Commissioners' Court**
Participate In Tax Abatement	§	
Agreements and Adopting	§	**Willacy County, Texas**
Guidelines and Criteria	§	

RESOLUTION

Declaring Willacy County, Texas Eligible to Participate in Tax Abatement Agreements and Adopting Tax Abatement Guidelines and Criteria

The Commissioners' Court of Willacy County, Texas, meeting in regular session on the 8th day of June, 2009, considered the following resolution:

WHEREAS the Willacy County Commissioners' Court desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in the County and to provide employment to residents of such area, and

WHEREAS, tax abatement is an accepted and proven tool for economic development which can result in long-term positive economic impacts for the community, and

WHEREAS, it is necessary and in the best interest of the County to offer abatement to qualified owners or lessees of new, expanded, or modernized buildings and structures.

WHEREAS, pursuant to section 312.002 (a) of the Texas Tax Code, Willacy County intends to establish Guidelines and Criteria to provide a uniform procedure for the review and approval of tax abatements.

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

THAT the Commissioners' Court of Willacy County, Texas elects to become eligible to participate in tax abatement agreements as authorized by section 312 of the Texas Tax Code, and

THAT Willacy County adopts the Tax Abatement Guidelines and Criteria in substantially the form of Exhibit A attached hereto and incorporated herein by reference.

OFFERED AND ADOPTED this 8th day of June, 2009

Commissioner Precinct 1

Commissioner Precinct 2

Commissioner Precinct 3

Commissioner Precinct 4

The foregoing Resolution is a true and correct copy of the actual Resolution passed by the Commissioner's Court in open and regular session at the Willacy County Courthouse at _____ on the 8th day of June 2009.

EX OFFICIO CLERK WILLACY COUNTY TEXAS COMMISSIONERS COURT

Willacy, County Clerk
Willacy County, Texas

WILLACY COUNTY
STATE OF TEXAS
TAX ABATEMENT GUIDELINES AND CRITERIA

The purpose of this document is to establish guidelines, criteria, and a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long-term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property. Except as otherwise provided, all contracts will be identical.

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net economic benefit to Willacy County of at least $100,000.00 over the life of the abatement, computed to include (but is not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) of new jobs will also factor into the decision to grant an abatement; and

2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Willacy County to another without a super-majority vote of approval from the Commissioners' Court.

In addition to the criteria set forth above, the Willacy County Commissioners' Court reserves the right to negotiate a Tax Abatement Agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the reinvestment zone.

All abatement contracts will be no longer than allowed by law.

This policy is effective as of _____, 2009 and shall at all times be kept current with regard to the needs of Willacy County and reflective of the official views of the County Commissioners' Court and shall be reviewed every two years.

The adoption of these guidelines and criteria by the Willacy County Commissioners' Court does not:

(1) limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement;

(2) limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or

(3) create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

DEFINITIONS-SECTION 1

(a) **"Abatement"** means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Willacy County for economic development purposes.

(b) **"Agreement"** means a contractual agreement between a property owner and/or lessee and Willacy County.

(c) **"Base year value"** means the assessed value on the eligible property as of January 1 preceding the execution of the agreement.

(d) **"Deferred maintenance"** means improvements necessary for continued operation which do not improve productivity or alter the process technology.

(e) **"Eligible Facilities"** means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Willacy County, but does not include Facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Willacy County such as, but not limited to, restaurants and retail sales establishments.

(f) **"Expansion"** means the addition of buildings, structures, machinery, equipment, or payroll for purposes of increasing production capacity.

(g) **"Facility"** means property improvement completed or in the process of construction which together comprise an interregional whole.

(h) **"Modernization"** means a complete or partial demolition of Facilities and the complete or partial reconstruction or installation of a Facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.

(i) **"New Facility"** means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

(j) **"Productive Life"** means the number of years a property improvement is expected to be in service in a facility.

ABATEMENT AUTHORIZED - SECTION 2

(a) **Eligible Facilities.** Upon application, Eligible Facilities shall be considered for Tax Abatement as hereinafter provided.

(b) **Creation of New Values.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Willacy County and the property owner or lessee, subject to such limitations as Willacy County may require.

(c) **New and Existing Facilities.** Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Willacy County and the property owner or lessee, subject to such limitations as Willacy County may require.

(d) **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the Facility.

(e) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for Tax Abatement: land; supplies; tools; furnishings, and other forms of movable personal property; housing; Deferred Maintenance; property to be rented or leased except as provided in Section 2(f); property which has a productive life of less than 10 years.

(f) **Owned/Leased Facilities.** If a leased Facility is granted abatement, the agreement shall be executed with the lessor and the lessee.

(g) **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

> (1) Must be reasonably expected to have an increase in positive net economic benefit to Willacy County of at least $100,000.00 over the life of the abatement, computed to include (but is not limited to) new sustaining payroll and/or capital improvement.. The creation of (number and type) of new jobs will also factor into the decision to grant an abatement; and
>
> (2) Must not be expected to solely or primarily have the effect of transferring employment from one part of Willacy County to another without a super-majority vote of approval from the Commissioners' Court.

(h) **Standards for Tax Abatement.** The following factors, among others, shall be considered in determining whether to grant Tax Abatement:

(1) Value of existing improvements, if any;

(2) Type and value of proposed improvements;

(3) Productive Life of proposed improvements;

(4) Number of existing jobs to be retained by proposed improvements;

(5) Number and type of new jobs to be created by proposed improvements;

(6) Amount of local payroll to be created;

(7) Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdictions;

(8) Amount of local sales taxes to be generated directly;

(9) Amount which property tax base valuation will be increased during term of Abatement and after Abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than $100,000;

(10) The costs to be incurred by Willacy County to provide facilities or services directly resulting from the new improvements;

(11) The amount of ad valorem taxes to be paid to Willacy County during the Abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period;

(12) The population growth of Willacy County that occurs directly as a result of new improvements;

(13) The types and values of public improvements, if any, to be made by applicant seeking Abatement;

(14) Whether the proposed improvements compete with existing businesses to the detriment of the local economy;

(15) The impact on the business opportunities of existing business;

(16) The attraction of other new businesses to the area;

(17) The overall compatibility with the zoning ordinances and comprehensive plan for the area;

(18) Whether the project obtains all necessary permits from the applicable environmental agencies.

Each Eligible Facility shall be reviewed on its merits utilizing the factors provided above. After such review, Abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

(i) **Denial of Abatement.** Neither a reinvestment zone nor Abatement Agreement shall be authorized if it is determined that:

(1) There would be substantial adverse affect on the provision of government services or tax base;

(2) The applicant has insufficient financial capacity;

(3) Planned or potential use of the property would constitute a hazard to public safety, health, or morals;

(4) Violation of other codes or laws; or

(5) Any other reason deemed appropriate by Willacy County.

(j) **Taxability.** From the execution of the Abatement to the end of the Agreement period, taxes shall be payable as follows:

(1) The value of ineligible property as provided in Section 2(e) shall be fully taxable; and

(2) The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the Abatement period.

APPLICATION - SECTION 3

(a) Any present or potential owner of taxable property in Willacy County may request the creation of a reinvestment zone and tax abatement by filing a written application with the County Judge.

(b) The application shall consist of: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map

and property description; a time schedule for undertaking and completing the proposed improvements. In the case of modernization a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to the application. The completed application must be accompanied by the payment of a non-refundable application fee for administrative costs associated with the processing of the tax abatement request. All checks in payment of the administrative fee should be made payable to Willacy County. For abatement requests for improvements with a planned value equal to or in excess of $1,000,000.00 the fee shall be ONE THOUSAND AND 00/100 DOLLARS ($1,000.00). For abatement requests for improvements with a planned value of $999,999.00 or less, the fee shall be FIVE HUNDRED AND 00/100 DOLLARS ($500.00).

(c) Willacy County shall give notice as provided by the Property Tax Code, *i. e.*, written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located not later than the seven days before the public hearing and (2) publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon the application, Willacy County shall through public hearing, afford the applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the Abatement should or should not be granted.

(d) If a city within Willacy County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an Abatement Agreement with a present or potential owner of a taxable property, such present or potential owner of taxable property may request Tax Abatement by Willacy County by following the same application process described in Section 3 (a) hereof. No other notice or hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners' Court deems them necessary in a particular case.

AGREEMENT - SECTION 4

(a) After approval, the Commissioners' Court of Willacy County shall formally pass a resolution and execute an Agreement with the owner of the Facility and lessee as required which shall:

(1) include a list of the kind, number, and location of all proposed improvements to the property;

(2) provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement;

(3) limit the use of the property consistent with the taxing unit's development goals;

(4) provide for recapturing property tax revenues that are lost if the owner fails to make the improvements as provided by the agreement;

(5) include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the agreement to each taxing unit; and

(6) allow the taxing unit to cancel or modify the agreement at any time if the property owner fails to comply with the terms of the agreement.

(b) Such agreement shall normally be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the Commissioners' Court.

RECAPTURE - SECTION 5

(a) In the event that the company or individual (1) allows its ad valorem taxes owed Willacy County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure within sixty (60) days from the date of notice of the violation ("Cure Period") the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.

(b) Should Willacy County determine that the company or individual is in default according to the terms and conditions of its Agreement, Willacy County shall notify the company or individual in writing at the address stated in the Agreement, and if such is not cured within the Cure Period, then the Agreement may be terminated.

ADMINISTRATION - SECTION 6

(a) The Chief Appraiser of the Willacy County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners' Court of Willacy County of the amount of the assessment.

(b) Willacy County may execute a contract with any other jurisdiction(s) to inspect the Facility to determine if the terms and conditions of the Abatement Agreement are being met. The Abatement Agreement shall stipulate that employees and/or designated representatives of Willacy County will have access to the reinvestment zone during the term of the Abatement to inspect the Facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All

inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.

(c) Upon completion of construction, the designated representative of Willacy County shall annually evaluate each Facility receiving Abatement to ensure compliance with the agreement, a formal annual report shall be made to the Commissioners' Court.

ASSIGNMENT - SECTION 7

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same Facility upon the approval by resolution of the Commissioners' Court of Willacy County subject to the financial capacity of the assignee and provided that all conditions and obligations in the Abatement Agreement are guaranteed by the execution of a new contractual Agreement with Willacy County. No assignment or transfer shall be approved if the parties to the existing Agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably delayed or withheld.

SUNSET PROVISION - SECTION 8

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, unless amended by three-quarters vote of the Commissioners' Court of Willacy County, at which time all reinvestment zones and Tax Abatement Agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.

Adopted JUNE 8, 2009
Willacy County Commissioners' Court

Attachment B

Certificate of Account Status

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

December 2, 2011

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

MAGIC VALLEY WIND FARM I, LLC

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 15, 2012.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 2nd day of
December 2011 A.D.

Susan Combs

Susan Combs
Texas Comptroller

Taxpayer number: 32042845647
File number: 0801332007

Form 05-304 (Rev. 12-07/17)

Attachment C

State Comptroller's Recommendation

SUSAN COMBS

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528

November 21, 2011

Johnny Pineda
Superintendent
Raymondville Independent School District
One Bearkat Boulevard
Raymondville, Texas 78580

Dear Superintendent Pineda:

On Nov. 9, 2011, the agency received the completed application for a limitation on appraised value originally submitted to the Raymondville Independent School District (Raymondville ISD) by Magic Valley Wind Farm I, LLC (Magic Valley) on Oct. 11, 2011, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Magic Valley's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Raymondville ISD is currently classified as a rural school district in Category 3. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment ($70,590,000) is consistent with the proposed appraised value limitation sought ($10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Magic Valley is proposing the construction of a wind power electric generation facility in Willacy County. Magic Valley is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Magic Valley, the Comptroller's recommendation is that Magic Valley's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution.

During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Magic Valley Wind Farm I, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Raymondville ISD
2009-10 Enrollment in School District	2,202
County	Willacy
Total Investment in District	$72,590,000
Qualified Investment	$70,590,000
Limitation Amount	$10,000,000
Number of total jobs committed to by applicant	2*
Number of qualifying jobs committed to by applicant	2
Average Weekly Wage of Qualifying Jobs committed to by applicant	$774
Minimum Weekly Wage Required Tax Code, 313.051(b)	$631
Minimum Annual Wage committed to by applicant for qualified jobs	$40,268
Investment per Qualifying Job	$36,295,000
Estimated 15 year M&O levy without any limit or credit:	$7,465,296
Estimated gross 15 year M&O tax benefit	$4,424,765
Estimated 15 year M&O tax benefit (*after* deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	$4,161,472
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	$620,916
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	$3,303,824
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	55.7%
Percentage of tax benefit due to the limitation	86.0%
Percentage of tax benefit due to the credit.	14.0%
** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*	

This presents the Comptroller's economic impact evaluation of Magic Valley Wind Farm I (the project) applying to Raymondville Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

(1) the recommendations of the comptroller;
(2) the name of the school district;
(3) the name of the applicant;
(4) the general nature of the applicant's investment;
(5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
(6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
(7) the number of qualifying jobs to be created by the applicant;
(8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
(9) the ability of the applicant to locate or relocate in another state or another region of this state;
(10) the impact the project will have on this state and individual local units of government, including:
    (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
    (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
(11) the economic condition of the region of the state at the time the person's application is being considered;
(12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
(13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
(14) the projected market value of the qualified property of the applicant as determined by the comptroller;
(15) the proposed limitation on appraised value for the qualified property of the applicant;
(16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
(17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
(18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
(19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
(20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create two new jobs when fully operational. All two jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Lower Rio Grande Valley Development Council Region, where Willacy County is located was $29,846 in 2010. The annual average manufacturing wage for 2010 for Willacy County is $32,266. That same year, the county annual average wage for all industries was $31,447. In addition to an average salary of $40,268, each qualifying position will receive benefits such as medical, prescription, dental, vision, and life & personal accident insurance, disability benefits, training programs, tuition reimbursement, an employee assistance program, adoption assistance, flexible spending account plans, a commuter benefits program, a 401(k) plan, paid vacation, paid holidays, paid family and medical leave, and paid military leave. The project's total investment is $72.59 million, resulting in a relative level of investment per qualifying job of $36.3 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Magic Valley Wind Farm I's application, "E.ON Climate & Renewables is an international company that develops, constructs, and operates wind energy projects. E.ON Climate & Renewables has a proven history of success across the United States evidenced by the development, construction and operation of over 2,000 MWs of wind farms. We have the ability to locate projects of this type across several regions within the United States, Canada, and Europe."

Number of new facilities in region [313.026(12)]

During the past two years, seven projects in the Lower Rio Grande Valley Development Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Magic Valley Wind Farm I project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Magic Valley Wind Farm I's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Magic Valley Wind Farm I

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	37	30	67	$1,489,916	$1,810,084	$3,300,000
2013	2	0	2	$80,536	$289,464	$370,000
2014	2	2	4	$80,536	$409,464	$490,000
2015	2	7	9	$80,536	$409,464	$490,000
2016	2	5	7	$80,536	$649,464	$730,000
2017	2	4	6	$80,536	$649,464	$730,000
2018	2	2	4	$80,536	$529,464	$610,000
2019	2	8	10	$80,536	$529,464	$610,000
2020	2	4	6	$80,536	$649,464	$730,000
2021	2	5	7	$80,536	$529,464	$610,000
2022	2	3	5	$80,536	$289,464	$370,000
2023	2	6	8	$80,536	$529,464	$610,000
2024	2	5	7	$80,536	$649,464	$730,000
2025	2	4	6	$80,536	$769,464	$850,000
2026	2	5	7	$80,536	$649,464	$730,000

Source: CPA, REMI, Magic Valley Wind Farm I, LLC

The statewide average ad valorem tax base for school districts in Texas was $1.6 billion in 2010. Raymondville ISD's ad valorem tax base in 2010 was $425 million. The statewide average wealth per WADA was estimated at $345,067 for fiscal 2010-2011. During that same year, Raymondville ISD's estimated wealth per WADA was $140,554. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Willacy County, Willacy County Hospital District, Willacy County Navigation District, Willacy County Drainage District #1, Willacy County Drainage District #2, and Willacy County Emergency Services District, with all property tax incentives sought being granted using estimated market value from Magic Valley Wind Farm I's application. Magic Valley Wind Farm I has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, drainage district (#1), navigation district, and hospital district. Table 3 illustrates the estimated tax impact of the Magic Valley Wind Farm I project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Raymondville ISD I&S Levy	Raymondville ISD M&O Levy	Raymondville ISD M&O and I&S Tax Levies (Before Credit Credited)	Raymondville ISD M&O and I&S Tax Levies (After Credit Credited)	Willacy County	Willacy County Hospital District	Willacy County Drainage District #1 (35%)	Willacy County Drainage District #2 (65%)	Willacy County Navigation District	Willacy County Emergency Services District	Estimated Total Property Taxes
			Tax Rate[1]	0.2808	1.0400			0.6837	0.0312	0.2500	0.0613	0.0596	0.0286	
2012	$3,600,000	$3,600,000		$10,108	$37,440	$47,548	$47,548	$24,612	$1,123	$3,150	$1,434	$2,145	$1,030	$81,042
2013	$69,703,500	$69,703,500		$195,720	$724,916	$920,637	$920,637	$142,965	$6,521	$30,495	$27,764	$20,763	$19,935	$1,169,180
2014	$66,218,325	$10,000,000		$185,934	$104,000	$289,934	$289,934	$135,816	$6,195	$28,971	$26,376	$19,725	$18,938	$525,956
2015	$62,907,409	$10,000,000		$176,638	$104,000	$280,638	$191,935	$129,026	$5,885	$27,522	$25,057	$18,739	$17,992	$416,155
2016	$59,762,038	$10,000,000		$167,806	$104,000	$271,806	$183,103	$122,574	$5,591	$26,146	$23,804	$17,803	$17,092	$396,113
2017	$56,773,936	$10,000,000		$159,416	$104,000	$263,416	$174,713	$116,446	$5,311	$24,839	$22,614	$16,912	$16,237	$377,072
2018	$53,935,240	$10,000,000		$151,445	$104,000	$255,445	$166,742	$110,623	$5,046	$23,597	$21,483	$16,066	$15,425	$358,983
2019	$51,238,478	$10,000,000		$143,873	$104,000	$247,873	$159,170	$105,092	$4,793	$22,417	$20,409	$15,263	$14,654	$341,799
2020	$48,676,554	$10,000,000		$136,679	$104,000	$240,679	$151,977	$99,838	$4,554	$21,296	$19,389	$14,500	$13,921	$325,474
2021	$46,242,726	$10,000,000		$129,845	$104,000	$233,845	$145,143	$94,846	$4,326	$20,231	$18,419	$13,775	$13,225	$309,965
2022	$43,930,590	$43,930,590		$123,353	$456,878	$580,231	$580,231	$90,103	$4,110	$19,220	$17,498	$13,086	$12,564	$736,812
2023	$41,734,060	$41,734,060		$117,185	$434,034	$551,219	$551,219	$285,327	$13,014	$36,517	$16,624	$24,863	$11,936	$939,501
2024	$39,647,357	$39,647,357		$111,326	$412,333	$523,658	$523,658	$271,061	$12,364	$34,691	$15,792	$23,620	$11,339	$892,526
2025	$37,664,989	$37,664,989		$105,760	$391,716	$497,475	$497,475	$257,508	$11,745	$32,957	$15,003	$22,439	$10,772	$847,900
2026	$35,781,740	$35,781,740		$100,472	$372,130	$472,602	$472,602	$244,633	$11,158	$31,309	$14,253	$21,317	$10,234	$805,505
						Total	$5,056,089	$2,230,470	$101,736	$383,357	$285,921	$261,012	$205,296	$8,523,881

Assumes School Value Limitation and Tax Abatement with Willacy County, Drainage District #1, Navigation District, and Hospital District.

Source: CPA, Magic Valley Wind Farm I, LLC

[1]Tax Rate per $100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Raymondville ISD I&S Levy	Raymondville ISD M&O Levy		Raymondville ISD M&O and I&S Tax Levies	Willacy County	Willacy County Hospital District	Willacy County Drainage District #1 (35%)	Willacy County Drainage District #2 (65%)	Willacy County Navigation District	Willacy County Emergency Services District	Estimated Total Property Taxes
			Tax Rate[1]	0.2808	1.0400			0.6837	0.0312	0.2500	0.0613	0.0596	0.0286	
2012	$3,600,000	$3,600,000		$10,108	$37,440		$47,548	$24,612	$1,123	$3,150	$1,434	$2,145	$1,030	$81,042
2013	$69,703,500	$69,703,500		$195,720	$724,916		$920,637	$476,549	$21,736	$60,991	$27,764	$41,526	$19,935	$1,569,138
2014	$66,218,325	$66,218,325		$185,934	$688,671		$874,605	$452,721	$20,650	$57,941	$26,376	$39,450	$18,938	$1,490,681
2015	$62,907,409	$62,907,409		$176,638	$654,237		$830,875	$430,085	$19,617	$55,044	$25,057	$37,477	$17,992	$1,416,147
2016	$59,762,038	$59,762,038		$167,806	$621,525		$789,331	$408,581	$18,636	$52,292	$23,804	$35,603	$17,092	$1,345,340
2017	$56,773,936	$56,773,936		$159,416	$590,449		$749,864	$388,152	$17,704	$49,677	$22,614	$33,823	$16,237	$1,278,073
2018	$53,935,240	$53,935,240		$151,445	$560,926		$712,371	$368,744	$16,819	$47,193	$21,483	$32,132	$15,425	$1,214,169
2019	$51,238,478	$51,238,478		$143,873	$532,880		$676,753	$350,307	$15,978	$44,834	$20,409	$30,525	$14,654	$1,153,461
2020	$48,676,554	$48,676,554		$136,679	$506,236		$642,915	$332,792	$15,179	$42,592	$19,389	$28,999	$13,921	$1,095,788
2021	$46,242,726	$46,242,726		$129,845	$480,924		$610,769	$316,152	$14,420	$40,462	$18,419	$27,549	$13,225	$1,040,998
2022	$43,930,590	$43,930,590		$123,353	$456,878		$580,231	$300,345	$13,699	$38,439	$17,498	$26,172	$12,564	$988,948
2023	$41,734,060	$41,734,060		$117,185	$434,034		$551,219	$285,327	$13,014	$36,517	$16,624	$24,863	$11,936	$939,501
2024	$39,647,357	$39,647,357		$111,326	$412,333		$523,658	$271,061	$12,364	$34,691	$15,792	$23,620	$11,339	$892,526
2025	$37,664,989	$37,664,989		$105,760	$391,716		$497,475	$257,508	$11,745	$32,957	$15,003	$22,439	$10,772	$847,900
2026	$35,781,740	$35,781,740		$100,472	$372,130		$472,602	$244,633	$11,158	$31,309	$14,253	$21,317	$10,234	$805,505
						Total	$9,480,854	$4,907,571	$223,844	$628,090	$285,921	$427,639	$205,296	$16,159,215

Source: CPA, Magic Valley Wind Farm I, LLC

[1]Tax Rate per $100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be $7,465,296. The estimated gross 15 year M&O tax benefit, or levy loss, is $4,424,765.

Attachment 3 is an economic overview of Willacy County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

TEXAS EDUCATION AGENCY
1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

November 15, 2011

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Magic Valley Wind Farm I LLC project on the number and size of school facilities in Raymondville Independent School District (RISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the RISD superintendent, Mr. Johnny Pineda, the TEA has found that the Magic Valley Wind Farm I LLC project would not have a significant impact on the number or size of school facilities in RISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Belinda Dyer

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

TEA
TEXAS EDUCATION AGENCY
1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

November 15, 2011

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Magic Valley Wind Farm I LLC project for the Raymondville Independent School District (RISD). Projections prepared by our Office of School Finance confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Magic Valley Wind Farm I LLC project on RISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Belinda Dyer

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

Willacy County

Population

- Total county population in 2010 for Willacy County: 20,513 , up 1.0 percent from 2009. State population increased 1.8 percent in the same time period.
- Willacy County was the state's 115rd largest county in population in 2010 and the 93rd fastest growing county from 2009 to 2010.
- Willacy County's population in 2009 was 10.7 percent Anglo (below the state average of 46.7 percent), 2.1 percent African-American (below the state average of 11.3 percent) and 86.8 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Willacy County:

Raymondville:	9,392	Lyford:	2,518
San Perlita:	690		

Economy and Income

Employment

- September 2011 total employment in Willacy County: 8,211 , up 3.8 percent from September 2010. State total employment increased 0.9 percent during the same period.

  (October 2011 employment data will be available November 18, 2011).
- September 2011 Willacy County unemployment rate: 15.2 percent, up from 12.4 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Willacy County's ranking in per capita personal income in 2009: 243rd with an average per capita income of $23,584, up 0.6 percent from 2008. Statewide average per capita personal income was $38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Willacy County averaged $76.53 million annually from 2007 to 2010. County total agricultural values in 2010 were up 4.7 percent from 2009. Major agriculture related commodities in Willacy County during 2010 included:
  - Recreation
  - Other Beef
  - Sugar Cane
  - Cotton
  - Sorghum
- 2011 oil and gas production in Willacy County: 226,833.0 barrels of oil and 11.8 million Mcf of gas. In September 2011, there were 89 producing oil wells and 100 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Willacy County during the fourth quarter 2010: $14.54 million, up 6.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Raymondville:	$12.87 million, up 4.8 percent from the same quarter in 2009.
Lyford:	$565,169.00, up 47.7 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Willacy County through the fourth quarter of 2010: $55.71 million, up 0.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Raymondville:	$49.14 million, down 0.7 percent from the same period in 2009.
Lyford:	$2.03 million, up 21.5 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Willacy County during 2010: $55.71 million, up 0.1 percent from 2009.
- Willacy County sent an estimated $3.48 million (or 0.02 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Raymondville:	$49.14 million, down 0.7 percent from 2009.
Lyford:	$2.03 million, up 21.5 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: $505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Willacy County based on the sales activity month of August 2011: $126,321.62, up 31.5 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Raymondville:	$122,422.14, up 33.1 percent from August 2010.
Lyford:	$3,899.48, down 3.8 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: $6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Willacy County based on sales activity months from September 2010 through August 2011: $1.33 million, up 11.3 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Raymondville:	$1.28 million, up 11.0 percent from fiscal 2010.
Lyford:	$47,090.96, up 19.4 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: $3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Willacy County based on sales activity months through August 2011: $892,759.05, up 13.5 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Raymondville:	$861,132.69, up 13.3 percent from the same period in 2010.
Lyford:	$31,626.36, up 19.0 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: $6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Willacy County based on sales activity in the 12 months ending in August 2011: $1.33 million, up 11.3 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Raymondville:	$1.28 million, up 11.0 percent from the previous 12-month period.
Lyford:	$47,090.96, up 19.4 percent from the previous 12-month period.

- ***City Calendar Year-To-Date (RJ 2011)***
- Payment to the cities from January 2011 through October 2011:

Raymondville:	$1.09 million, up 12.9 percent from the same period in 2010.
Lyford:	$39,135.49, up 20.6 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: $5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Willacy County based on sales activity months in 2010: $1.22 million, down 2.8 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Raymondville:	$1.18 million, down 2.9 percent from 2009.
Lyford:	$42,034.76, up 1.3 percent from 2009.

Property Tax

- As of January 2009, property values in Willacy County: $982.27 million, down 6.4 percent from January 2008 values. The property tax base per person in Willacy County is $48,162, below the statewide average of $85,809. About 35.1 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Willacy County's ranking in state expenditures by county in fiscal year 2010: 99th. State expenditures in the county for FY2010:

$100.76 million, down 0.1 percent from FY2009.

- In Willacy County, 10 state agencies provide a total of 88 jobs and $915,944.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - Health & Human Services Commission
  - Department of Public Safety
  - Texas Workforce Commission
  - Department of Transportation
  - University of Texas Medical Branch

Higher Education

- Community colleges in Willacy County fall 2010 enrollment:
  - None.
- Willacy County is in the service area of the following:
  - Texas Southmost College with a fall 2010 enrollment of 11,043 . Counties in the service area include:
    Cameron County
    Willacy County
- Institutions of higher education in Willacy County fall 2010 enrollment:
  - None.

School Districts

- Willacy County had 4 school districts with 13 schools and 4,488 students in the 2009-10 school year.

(Statewide, the average teacher salary in school year 2009-10 was $48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

- Lasara ISD had 454 students in the 2009-10 school year. The average teacher salary was $46,244. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
- Lyford CISD had 1,551 students in the 2009-10 school year. The average teacher salary was $44,262. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Raymondville ISD had 2,202 students in the 2009-10 school year. The average teacher salary was $45,368. The percentage of students meeting the 2010 TAKS passing standard for all tests was 57 percent.
- San Perlita ISD had 281 students in the 2009-10 school year. The average teacher salary was $45,064. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.

Attachment E

Summary of Financial Impact

Summary of Financial Impact of the Proposed Magic Valley Wind Farm I, LLC Project on the Finances of Raymondville ISD Under A Requested Chapter 313 Property Value Limitation

October 26, 2011 | **Final Report**

Prepared by

MOAK, CASEY & ASSOCIATES

TEXAS SCHOOL FINANCE EXPERTS

Estimated Impact of the Proposed Magic Valley Wind Farm I, LLC Project on the Finances of Raymondville ISD under a Requested Chapter 313 Property Value Limitation

Introduction

Magic Valley Wind Farm I, LLC (Magic Valley Wind) has requested that the Raymondville ISD (RISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new renewable electric wind generation project. An application was submitted to RISD on August 11, 2011. Magic Valley Wind proposes to invest $69.7 million to construct a new wind energy project in RISD. This proposal represents a reconfiguration and expansion of the previous E, C&R Development project originally approved for a property value limitation by RISD in December 2009. The minimum required investment could not be made by the end of the two-year qualifying time period—by January 1, 2012—so Magic Valley Wind decided to present a new application for consideration by RISD.

The Magic Valley Wind project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

School Finance Mechanics

Under the provisions of Chapter 313, RISD may offer a minimum value limitation of $10 million. Based on the application, the qualifying time period would begin with the 2012-13 school year. The full value of the investment is expected to reach $69.7 million in 2013-14, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2012-13 and 2013-14 school years, unless the District and Magic Valley Wind agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2012-13 and 2013-14 school years. Beginning in 2014-15, the project would go on the local tax roll at $10 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with RISD currently levying a $0.281 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value

limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. This generally resulted in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

Under the HB 1 system, many school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderate the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

In the case of HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point was the target revenue provisions from HB 1, that were then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional $120 per WADA guarantee.

Under the provisions of HB 3646, school districts had the potential to earn revenue above the $120 per WADA level, up to a maximum of $350 per WADA above current law. Initial estimates indicate that about 70 percent of all school districts were funded at the minimum $120 per WADA level, while approximately 30 percent school districts were expected to generate higher revenue amounts per WADA in the 2009-10 school year. This shift to formula-based funding is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district's base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make $4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 797 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 227 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. Our statewide estimates suggest as many as 600 school districts will be formula-funded in the 2012-13 school year. For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the appropriations bill. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Magic Valley Wind project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction is included for the 2012-13 through 2016-17 school years. Beginning in 2017-18, however, these estimates assume the elimination of ASATR funding and the Regular Program Adjustment Factor (RPAF) being set at 1.0 or 100 percent. (RPAF is the mechanism used in making across-the-board program reductions in the 2011-12 and later school years.)

Student enrollment counts are held constant at 1,920 students in average daily attendance (ADA) in analyzing the effects of the Magic Valley Wind project on the finances of RISD. The District's underlying local tax base reached is estimated to be $385 million for the purposes of these estimates and maintained for the forecast period in order to isolate the effects of the property value limitation. RISD is not a property-wealthy district, with wealth per weighted ADA or WADA of approximately $134,449 for the 2012-13 school year. These assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for RISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Magic Valley Wind facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the Magic Valley Wind value but imposes the proposed property value limitation effective in the third year, which in this case is the 2014-15 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of $1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately $15 million a year in net General Fund revenues.

Under these assumptions, RISD would experience a revenue loss of about $263,000 as a result of the implementation of the value limitation in the 2014-15 school year. This revenue reduction results from the mechanics of six cents equalized to the Austin ISD yield, which reflect the one-year lag in value associated with the property value study and a first-year reduction in local tax effort when the value limitation is in effect. In the 2015-16 and later school years under the limitation, no additional revenue losses are anticipated as a result of the state property value offset associated with the $10 million value limitation.

As noted previously, it is assumed for the purposes of these estimates that ASATR funding will be eliminated in the 2017-18 school year, consistent with the recently–adopted statement of legislative intent. Given that RISD has a target revenue level that is less than state average, ASATR funding is generally not important to the District's finances. One risk factor under the estimates presented here, however, relates to the implementation of the value limitation in the 2014-15 school year. The formula loss of $263,294 between the base and the limitation models assumes $584,671 in M&O tax savings for Magic Valley Wind when the $10 limitation is implemented. A $430,429 increase in ASATR funding is calculated here as a significant offset to the M&O reduction in the first year that the value limitation takes effect. Legislative changes that significantly alter or eliminate ASATR funding in the 2014-15 school year could eliminate much of the state funding-formula offset for reduced M&O tax collections in that year.

The 2014-15 ASATR amount exceeds the anticipated residual tax savings of $321,377 for the project in the first year of implementation of the agreement after the calculated revenue loss is deducted. At the same time, however, there is little likelihood of financial risk to RISD as a result of future legislative changes in ASATR funding. The revenue protection provisions of the agreement are open-ended in the third year when the value limitation takes effect, so the estimated additional $109,052 in hold-harmless funding needed in the absence of ASATR funding would represent a good investment on the part of Magic Valley Wind. It would preserve a tax benefit of nearly $4.2 million over the course of the agreement, prior to any payments in-lieu of taxes to RISD.

The Comptroller's Property Tax Assistance Division announced recently that it would be adopting a rule this fall that would implement the use of two values for school districts for its 2011 state property value study. These are the state values that will be used to calculate state aid and recapture in the 2012-13 school year.

At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office through the 2010 tax year, however, only a single deduction amount was calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been

provided for the taxpayer receiving the value limitation in school districts that levy M&O taxes only.

Under the Magic Valley Wind request for a value limitation, the 2014 state property value used for the 2015-16 school year would be the first year that this change in the value study would be reflected in state-aid calculations for the new Magic Valley Wind project. This change has been included in the models presented here.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A $1.04 per $100 of taxable value M&O rate is assumed in 2011-12 and thereafter.

Under the assumptions used here, the potential tax savings from the eight-year value limitation total $4.0 million over the life of the agreement. In addition, Magic Valley Wind would also be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years—in this case, the 2013-14 school year, based on the data presented in the application. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately $621,000, with no unpaid tax credits anticipated. RISD is to be reimbursed by the state for the tax credit payments.

The key RISD revenue losses are associated with the six-cent levy equalized to the Austin ISD yield and expected to total approximately -$263,294 over the course of the agreement, based on the estimates for the 2014-15 school year.In total, the potential net tax benefits are estimated to reach $4.2 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the 2014-15 school year, there would still be a substantial tax benefit to Magic Valley Wind under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Magic Valley Wind project remains fully taxable for debt services taxes, with RISD currently levying a $0.281 I&S rate. The value of the Magic Valley Wind project is expected to depreciate over the life of the agreement and beyond, but adds 18.1 percent to the District's tax base at the project's peak value. At the same time, the primary benefit appears to be in the 2013-14 school year when the project appears on the local tax roll for the first time. Beyond that year, the increase in taxable value will largely offset state facilities funding through the Instructional Facilities Allotment (IFA) and the Existing Debt Allotment (EDA) programs beginning in the 2014-15 school year.

The Magic Valley Wind project is not expected to affect RISD in terms of enrollment. Continued expansion of the renewable energy industry could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed Magic Valley Wind wind energy project enhances the tax base of RISD. It reflects continued capital investment in renewable electric wind energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated $4.2 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of RISD in meeting its future debt service obligations, although the primary benefit in terms of facilities funding will occur in the 2013-14 school year.

Table 1 – Base District Information with Magic Valley Wind Farm I, LLC Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2012-13	1,920.00	2,832.18	$1.0400	$0.2808	$398,792,959	$398,792,959	$380,783,403	$380,783,403	$134,449	$134,449
2	2013-14	1,920.00	2,832.18	$1.0400	$0.2808	$464,896,459	$464,896,459	$394,383,403	$394,383,403	$139,251	$139,251
3	2014-15	1,920.00	2,832.18	$1.0400	$0.2808	$461,411,284	$405,192,959	$460,486,903	$460,486,903	$162,591	$162,591
4	2015-16	1,920.00	2,832.18	$1.0400	$0.2808	$458,100,368	$405,192,959	$457,001,728	$400,783,403	$161,360	$141,511
5	2016-17	1,920.00	2,832.18	$1.0400	$0.2808	$454,954,997	$405,192,959	$453,690,812	$400,783,403	$160,191	$141,511
6	2017-18	1,920.00	2,873.65	$1.0400	$0.2808	$451,966,895	$405,192,959	$450,545,441	$400,783,403	$156,785	$139,469
7	2018-19	1,920.00	2,873.65	$1.0400	$0.2808	$449,128,199	$405,192,959	$447,557,339	$400,783,403	$155,745	$139,469
8	2019-20	1,920.00	2,873.65	$1.0400	$0.2808	$446,431,437	$405,192,959	$444,718,643	$400,783,403	$154,758	$139,469
9	2020-21	1,920.00	2,873.65	$1.0400	$0.2808	$465,579,513	$426,902,959	$442,021,881	$400,783,403	$153,819	$139,469
10	2021-22	1,920.00	2,873.65	$1.0400	$0.2808	$460,505,685	$424,262,959	$461,169,957	$422,493,403	$160,482	$147,023
11	2022-23	1,920.00	2,873.65	$1.0400	$0.2808	$455,553,549	$455,553,549	$456,096,129	$419,853,403	$158,717	$146,105
12	2023-24	1,920.00	2,873.65	$1.0400	$0.2808	$450,707,019	$450,707,019	$451,143,993	$451,143,993	$156,994	$156,994
13	2024-25	1,920.00	2,873.65	$1.0400	$0.2808	$445,980,316	$445,980,316	$446,297,463	$446,297,463	$155,307	$155,307
14	2025-26	1,920.00	2,873.65	$1.0400	$0.2808	$441,651,035	$441,651,035	$441,570,760	$441,570,760	$153,662	$153,662
15	2026-27	1,920.00	2,873.65	$1.0400	$0.2808	$437,681,421	$437,681,421	$437,241,479	$437,241,479	$152,156	$152,156

*Tier II Yield: $47.65; AISD Yield: $59.97; Equalized Wealth: $476,500 per WADA

Table 2– "Baseline Revenue Model"--Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	$3,680,285	$9,868,436	$0	$0	$0	$479,829	$1,160,611	$0	$15,189,161
2	2013-14	$4,276,304	$9,743,309	$0	$0	$0	$557,537	$1,282,840	$0	$15,859,990
3	2014-15	$4,244,880	$9,135,127	$0	$0	$0	$553,440	$1,011,166	$0	$14,944,613
4	2015-16	$4,215,027	$9,167,192	$0	$0	$0	$549,548	$1,015,903	$0	$14,947,670
5	2016-17	$4,186,667	$9,197,654	$0	$0	$0	$545,850	$1,020,415	$0	$14,950,587
6	2017-18	$4,159,725	$9,419,471	$0	$0	$0	$542,338	$1,047,656	$0	$15,169,190
7	2018-19	$4,134,130	$9,446,963	$0	$0	$0	$539,001	$1,051,760	$0	$15,171,854
8	2019-20	$4,109,815	$9,473,080	$0	$0	$0	$535,831	$1,055,668	$0	$15,174,394
9	2020-21	$4,282,463	$9,497,891	$0	$0	$0	$558,340	$1,110,133	$0	$15,448,827
10	2021-22	$4,236,715	$9,321,720	$0	$0	$0	$552,376	$1,029,738	$0	$15,140,548
11	2022-23	$4,192,064	$9,368,402	$0	$0	$0	$546,554	$1,036,300	$0	$15,143,320
12	2023-24	$4,148,366	$9,413,964	$0	$0	$0	$540,857	$1,042,691	$0	$15,145,878
13	2024-25	$4,105,748	$9,458,554	$0	$0	$0	$535,300	$1,048,999	$0	$15,148,601
14	2025-26	$4,066,713	$9,502,042	$0	$0	$0	$530,211	$1,055,823	$0	$15,154,789
15	2026-27	$4,030,921	$9,541,873	$0	$0	$0	$525,544	$1,062,097	$0	$15,160,435

Table 3– "Value Limitation Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	$3,680,285	$9,868,436	$0	$0	$0	$479,829	$1,160,611	$0	$15,189,161
2	2013-14	$4,276,304	$9,743,309	$0	$0	$0	$557,537	$1,282,840	$0	$15,859,990
3	2014-15	$3,737,990	$9,135,127	$430,429	$0	$0	$487,353	$890,421	$0	$14,681,320
4	2015-16	$3,737,990	$9,684,426	$0	$0	$0	$487,353	$1,095,664	$0	$15,005,433
5	2016-17	$3,737,990	$9,684,426	$0	$0	$0	$487,353	$1,095,664	$0	$15,005,433
6	2017-18	$3,737,990	$9,877,304	$0	$0	$0	$487,353	$1,118,841	$0	$15,221,488
7	2018-19	$3,737,990	$9,877,304	$0	$0	$0	$487,353	$1,118,841	$0	$15,221,488
8	2019-20	$3,737,990	$9,877,304	$0	$0	$0	$487,353	$1,118,841	$0	$15,221,488
9	2020-21	$3,933,737	$9,877,304	$0	$0	$0	$512,874	$1,177,431	$0	$15,501,346
10	2021-22	$3,909,934	$9,677,562	$0	$0	$0	$509,770	$1,083,975	$0	$15,181,241
11	2022-23	$4,192,064	$9,701,852	$0	$0	$0	$546,554	$1,172,936	$0	$15,613,406
12	2023-24	$4,148,366	$9,413,964	$0	$0	$0	$540,857	$1,042,691	$0	$15,145,878
13	2024-25	$4,105,748	$9,458,554	$0	$0	$0	$535,300	$1,048,999	$0	$15,148,601
14	2025-26	$4,066,713	$9,502,042	$0	$0	$0	$530,211	$1,055,823	$0	$15,154,789
15	2026-27	$4,030,921	$9,541,873	$0	$0	$0	$525,544	$1,062,097	$0	$15,160,435

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	2013-14	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	2014-15	-$506,890	$0	$430,429	$0	$0	-$66,087	-$120,745	$0	-$263,294
4	2015-16	-$477,037	$517,234	$0	$0	$0	-$62,195	$79,760	$0	$57,762
5	2016-17	-$448,677	$486,772	$0	$0	$0	-$58,498	$75,248	$0	$54,846
6	2017-18	-$421,735	$457,833	$0	$0	$0	-$54,985	$71,185	$0	$52,298
7	2018-19	-$396,140	$430,341	$0	$0	$0	-$51,648	$67,081	$0	$49,634
8	2019-20	-$371,825	$404,224	$0	$0	$0	-$48,478	$63,172	$0	$47,094
9	2020-21	-$348,725	$379,413	$0	$0	$0	-$45,466	$67,298	$0	$52,519
10	2021-22	-$326,781	$355,842	$0	$0	$0	-$42,605	$54,237	$0	$40,693
11	2022-23	$0	$333,450	$0	$0	$0	$0	$136,636	$0	$470,086
12	2023-24	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	2024-25	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	2025-26	$0	$0	$0	$0	$0	$0	$0	$0	$0
15	2026-27	$0	$0	$0	$0	$0	$0	$0	$0	$0

Table 5 - Estimated Financial impact of the Magic Valley Wind Farm I, LLC Project Property Value Limitation Request Submitted to RISD at $1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2012-13	$3,600,000	$3,600,000	$0	$1.040	$37,440	$37,440	$0	$0	$0	$0	$0
2	2013-14	$69,703,500	$69,703,500	$0	$1.040	$724,916	$724,916	$0	$0	$0	$0	$0
3	2014-15	$66,218,325	$10,000,000	$56,218,325	$1.040	$688,671	$104,000	$584,671	$0	$584,671	-$263,294	$321,377
4	2015-16	$62,907,409	$10,000,000	$52,907,409	$1.040	$654,237	$104,000	$550,237	$88,702	$638,939	$0	$638,939
5	2016-17	$59,762,038	$10,000,000	$49,762,038	$1.040	$621,525	$104,000	$517,525	$88,702	$606,228	$0	$606,228
6	2017-18	$56,773,936	$10,000,000	$46,773,936	$1.040	$590,449	$104,000	$486,449	$88,702	$575,151	$0	$575,151
7	2018-19	$53,935,240	$10,000,000	$43,935,240	$1.040	$560,926	$104,000	$456,926	$88,702	$545,629	$0	$545,629
8	2019-20	$51,238,478	$10,000,000	$41,238,478	$1.040	$532,880	$104,000	$428,880	$88,702	$517,583	$0	$517,583
9	2020-21	$48,676,554	$10,000,000	$38,676,554	$1.040	$506,236	$104,000	$402,236	$88,702	$490,939	$0	$490,939
10	2021-22	$46,242,726	$10,000,000	$36,242,726	$1.040	$480,924	$104,000	$376,924	$88,702	$465,627	$0	$465,627
11	2022-23	$43,930,590	$43,930,590	$0	$1.040	$456,878	$456,878	$0	$0	$0	$0	$0
12	2023-24	$41,734,060	$41,734,060	$0	$1.040	$434,034	$434,034	$0	$0	$0	$0	$0
13	2024-25	$39,647,357	$39,647,357	$0	$1.040	$412,333	$412,333	$0	$0	$0	$0	$0
14	2025-26	$37,664,989	$37,664,989	$0	$1.040	$391,716	$391,716	$0	$0	$0	$0	$0
15	2026-27	$35,781,740	$35,781,740	$0	$1.040	$372,130	$372,130	$0	$0	$0	$0	$0
					Totals	$7,465,296	$3,661,447	$3,803,849	$620,916	$4,424,765	-$263,294	$4,161,472

Tax Credit for Value Over Limit in First 2 Years	Year 1	Year 2	Max Credits
	$0	$620,916	$620,916
Credits Earned			$620,916
Credits Paid			$620,916
Excess Credits Unpaid			$0

***Note: School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in the 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.**

Attachment F

Taxable Value of Property

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2010 ISD SUMMARY WORKSHEET
245/Willacy
245-903/Raymondville ISD

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	93,860,401	N/A	93,860,401	93,860,401
B. MULTIFAMILY RESIDENCES	560,453	N/A	560,453	560,453
C. VACANT LOTS	4,186,786	N/A	4,186,786	4,186,786
D. RURAL REAL(TAXABLE)	35,941,644	N/A	35,941,644	35,941,644
F1. COMMERCIAL REAL	40,356,675	N/A	40,356,675	40,356,675
F2. INDUSTRIAL REAL	1,619,028	N/A	1,619,028	1,619,028
G. OIL,GAS,MINERALS	184,821,584	N/A	184,821,584	184,821,584
J. UTILITIES	20,018,647	N/A	20,018,647	20,018,647
L1. COMMERCIAL PERSONAL	21,452,012	N/A	21,452,012	21,452,012
L2. INDUSTRIAL PERSONAL	15,568,200	N/A	15,568,200	15,568,200
M. MOBILE HOMES	1,795,342	N/A	1,795,342	1,795,342
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	640,615	N/A	640,615	640,615
SUBTOTAL	420,821,387		420,821,387	420,821,387
LESS TOTAL DEDUCTIONS	40,037,984		40,037,984	40,037,984
TOTAL TAXABLE VALUE	380,783,403		380,783,403	380,783,403 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	21,328,477	N/A	21,328,477
PROD VALUE QUALIFIED ACRES	14,613,167	N/A	14,613,167
TAXABLE VALUE	35,941,644		35,941,644

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
398,971,195	380,783,403	398,971,195	380,783,403	380,783,403	380,783,403

LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION	50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
18,187,792	0

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION
T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

**** END OF REPORT ****

Attachment G

Participation Agreement

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES

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by and between

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT

and

MAGIC VALLEY WIND FARM I, LLC
(*Texas Taxpayer ID # 32042845647*)

Dated

December 13, 2011

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES

STATE OF TEXAS §

COUNTY OF WILLACY §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **MAGIC VALLEY WIND FARM I, LLC,** Texas Taxpayer Identification Number *32042845647,* hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on or about October 11, 2011, the Superintendent of Schools of the Raymondville Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on October 11, 2011, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Magic Valley Wind Farm I, LLC, and on October 18, 2011, the Superintendent acknowledged receipt of a completed Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, on October 19, 2011 the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as the "Comptroller") for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller has established October 19, 2011 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Admin Code §9.1054, the Application was delivered for review to the Willacy County Appraisal District under Texas law (the "County Appraisal District"), pursuant to Texas Tax Code §6.01; and,

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on November 21, 2011, the Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at the December 13, 2011 public hearing held in connection with the Board's consideration of the Application; and,

WHEREAS, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Texas Tax Code §313.026 and has carefully considered the Comptroller's positive recommendation for the Wind Energy Project; and,

WHEREAS, on _____, 2011, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on November 21, 2011 that the Application be approved; and,

WHEREAS, on December 13, 2011, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on December 13, 2011, the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; and, (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, on December 13, 2011, pursuant to the provisions of Texas Tax Code §313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code §313.051(b), based upon its factual Finding, made on December 13, 2011, that if the number of jobs required by law (*i.e.* 10 jobs) was applied to this Wind Energy Project, given its size and scope as described in the Application and in **EXHIBIT 3**, the number of jobs will exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

WHEREAS, on December 13, 2011, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, on December 13, 2011, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code §313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment in the amount specified in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2014, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of December 13, 2011 and ending on December 31, 2013 is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to the Tax Limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2021. Except, as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount, including any Tax Credit, to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing December 13, 2011	January 1, 2011	2011-12	2011	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2012	2012-13	2012	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2014	2014-15	2014	$ 10 million property value limitation.
4	January 1, 2015	2015-16	2015	$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2016	2016-17	2016	$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2017	2017-18	2017	$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2018	2018-19	2018	$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2019	2019-20	2019	$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2020	2020-21	2020	$ 10 million property value limitation. Possible tax credit

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
				due to Applicant.
10	January 1, 2021	2021-22	2021	$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

"*Act*" means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

"*Affiliate*" of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity. For purposes of this definition "control" when used with respect to any person or entity means (i) the ownership, directly or indirectly, or fifty percent (50%) or more of the voting securities of such person or entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise.

"*Affiliated Group*" means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

"*Aggregate Limit*" means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years during the course of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV.

"*Agreement*" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

"*Annual Limit*" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated, pursuant to Texas Education Code §42.005, by multiplying the District's 2011-2012 average daily attendance of 1,920.129 times $100, or any larger amount allowed by Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2011, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"*Applicant*" means Magic Valley Wind Farm I, LLC, *Texas Taxpayer Identification Number 32042845647,* the company listed in the Preamble of this Agreement who, on or about October 11, 2011, filed the Original Application materials with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest.

"*Applicable School Finance Law*" means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"*Application*" means the Original Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on or about October 11, 2011, which has been certified by the Comptroller's office to collectively constitute a complete final Application as of the date of October 19, 2011. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

"*Appraised Value*" shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

"*Appraisal District*" or "*County Appraisal District*" means the Willacy County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Raymondville Independent School District.

"*Commencement Date*" means December 13, 2011, the date upon which this Agreement was approved by the District's Board of Trustees.

"*Completed Application Date*" means October 19, 2011, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

"*Comptroller*" means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

"*Comptroller's Rules*" means the applicable rules and regulations of the Comptroller set forth at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"*County*" means Willacy County, Texas.

"*Determination of Breach*" shall have the meaning assigned to such term in Section 7.8 of this Agreement

"*District*" or "*School District*" means the Raymondville Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"*Final Termination Date*" means December 31, 2024. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"*Force Majeure*" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified

Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"*Land*" shall have the meaning assigned to such term in Section 2.2.

"*Maintain Viable Presence*" means after the development and construction of the Wind Energy Project described in the Application and in the description of the Applicant's Qualified Investment/Qualified Property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; and (ii) the maintenance of at least two (2) New Jobs to be located and performed within the entire Magic Valley Wind Farm I, LLC Wind Energy Project, either in the District or in other school districts in which the project is located, from the time they are created until the Final Termination Date, which New Jobs shall be Qualifying Jobs, it being specifically acknowledged and agreed by the Parties that the Board of Trustees has waived the job creation requirement set forth in Texas Tax Code §313.051(b), as authorized by and pursuant to the provisions of Texas Tax Code §313.025(f-1), other than the requirement for two jobs in order to Maintain Viable Presence as defined herein.

"*M&O Amount*" shall have the meaning assigned to such term in Section 3.2 of this Agreement.

"*Maintenance and Operations Revenue*" or "*M&O Revenue*" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code §45.002 and Article VII §3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"*Market Value*" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"*Net Tax Benefit*" means an amount (but not less than zero) equal to (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"*New Job(s)*" means the "new jobs" defined by 34 Texas Administrative Code §9.1051(14)(C), which the Applicant will create in connection with the Wind Energy Project; provided, however, it is specifically acknowledged and agreed by the Parties that the Board of Trustees has waived the job creation requirement down to the number of two jobs, throughout Applicant's entire project either in the District or in other school districts in which the project is located, in lieu of the number of jobs set forth in Texas Tax Code §313.051(b), as authorized by and pursuant to the provisions of Texas Tax Code §313.025(f-1). In accordance with the requirements of Texas Tax Code §313.024(d), eighty percent (80%), of all New Jobs on the project shall also be Qualifying Jobs, as defined below.

"*Qualified Investment*" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"*Qualifying Job(s)*" means the New Jobs, either in the District or in other school districts in which the project is located, which meet the requirements of Texas Tax Code 313.021(3); provided, however, it is specifically acknowledged and agreed by the Parties that the Board of Trustees has waived the job creation requirement set forth in Texas Tax Code § 313.051(b), as authorized by and pursuant to the provisions of Texas Tax Code §313.025(f-1).

"*Qualified Property*" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"*Qualifying Time Period*" means the period that begins on the Commencement Date (i.e., December 13, 2011) and ends on December 31, 2013.

"*Revenue Protection Amount*" means the amount calculated pursuant to Section 3.2 of this Agreement.

"*State*" means the State of Texas.

"*Substantive Document*" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

"*Tax Credit*" means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on the Applicant's Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules relating thereto.

"*Tax Limitation Amount*" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the Appraised Value of the Applicant's Qualified Property/Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

(a) the Market Value of the Applicant's Qualified Investment; or

(b) Ten Million Dollars ($10,000,000.00).

The Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §§ 313.052 and 313.053.

"*Tax Year*" shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

"*Taxable Value*" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"*Texas Education Agency Rules*" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code (including, but not limited to, §61.1019), together with any court or administrative decisions interpreting same.

"Wind Energy Project" means a renewable wind energy electric generation project as defined by Tex. Tax Code § 313.024(b)(5) that enters into an agreement for a limitation on appraised value pursuant to the Texas Economic Development Act (Chapter 313 of the Texas Tax Code).

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes (but only including such real property located within the boundaries of both the reinvestment zone and the District).

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description that is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes (but only including such real property located within the boundaries of both the reinvestment zone and the District). The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property described in **EXHIBIT 3** that is placed in service under the terms of the Application during the Qualifying Time Period described in both Section 1.2, above and the definition of Qualifying Time Period set forth in Section 1.3, above. The Applicant's Qualified Property shall be all property described in **EXHIBIT 3**, including, but not limited to, the Applicant's Qualified Investment, which: (1) is owned by the Applicant; (2) is first placed in service after October 14, 2011, the completed Application date established by the Comptroller; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is

a part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Investment or Qualified Property unless the Applicant:

(a) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Tax Limitation Amount apply;

(b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,

(c) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Applicant's Qualified Investment or Qualified Property located on the Land described in **EXHIBIT 2**, or upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the Tax Limitation Amount applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment and Qualified Property described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(5) as a renewable energy electric generation facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount Ten Million Dollars ($10,000,000.00), or greater, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the following eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the Appraised Value of the Applicant's Qualified Investment and Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

(a) the Market Value of the Applicant's Qualified Investment; or

(b) Ten Million Dollars ($10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code §§ 313.052 and 313.053.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue solely as a result of, or on account of, entering into this Agreement. Such compensation shall be independent of, and in addition to, all such other payments as are set forth in Article III and Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or the Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax.

ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.

ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)

iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.

iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.

v. All calculations made under this Section 3.2 shall be made by a methodology which isolates the full M & O revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or any other factors not contained in this Agreement.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

(a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute;

(b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid

formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8; and,

(c) any other loss of the District revenues which directly result from, or are reasonably attributable to any payment made by the Applicant to or on behalf any third party beneficiary of this Agreement.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

Section 3.5. DATA USED FOR CALCULATIONS

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Willacy County Appraisal District in its annual certified tax rolls submitted to the District pursuant to Texas Tax Code §26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Willacy County Appraisal District to the District's certified tax rolls or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 and Article IV, and/or under Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the

calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For No Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of any expenses under this Section 3.7 and Section 3.6, above, in excess of Ten Thousand Dollars ($10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Sections 3.3(b), 3.4, and 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

If at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Willacy County Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Willacy County Appraisal District.

If as a result of an appraisal appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is

payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of Article IV, the parties agree as follows:

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV (the Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed or required to be increased by the Legislature in a future year of this Agreement; however, in such event it shall not exceed the Stipulated Supplemental Payment Amount described in Section 4.2 and 4.3 below.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT

On or before January 31, 2015 (The payment due date for Tax Year 2014), and continuing thereafter on or before January 31 of each of the ten (10) years thereafter (*i.e.* through January 31, 2025, the payment due date for Tax Year 2024), the Applicant shall make a Supplemental Payment to the District in an amount equal to the lesser of the following:

(a) the Applicant's "Stipulated Supplemental Payment Amount," which is hereby defined as forty percent (40%) of the Net Tax Benefit; or,

(b) the Aggregate Limit.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full Tax Year (Tax Year 2014) the Applicant's Stipulated Supplemental Payment Amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT

For each Tax Year during the term of this Agreement, beginning with Tax Year three (Tax Year 2014) and continuing thereafter through Tax Year thirteen (Tax Year 2024), the District, or its successor beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the payment of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3, above for such Tax Year, exceeds the Aggregate Limit for that Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District.

Any of the Applicant's Stipulated Supplemental Payment Amount, which cannot be paid to the District prior to the end of Tax Year thirteen (Tax Year 2024), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

(a) All calculations required by this Article IV, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and, (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.

(b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.

(c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such a foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 8.1, below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit on Supplemental Payments described in Section 4.4, above.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2014 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4 and 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and the Comptroller's Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the Texas Tax Code and the Comptroller's Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and the Comptroller's Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code, and the Comptroller's Rules and/or the Texas Education Agency's rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code §42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment, thirty (30) days past due from the date of the reimbursement claim, shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise

under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Willacy County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code §22.07, during the term of this Agreement, in order to inspect the Wind Energy Project to determine compliance with the terms hereof. All inspections will be made at a mutually agreeable time after the giving of not less that forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Willacy County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

(a) it will abide by all of the terms of this Agreement;

(b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement, provided however that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,

(c) it will meet the applicable minimum eligibility requirements under Tax Code, Chapter 313 throughout the period from and including the Tax Year 2014 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit, other than the job creation eligibility requirement set forth in Texas Tax Code §313.051(b), it is specifically acknowledged and agreed by the Parties that the Board of Trustees has waived the job creation requirement down to two jobs throughout the project, as authorized by and pursuant to the provisions of Texas Tax Code §313.025(f-1).

Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which the Tax Limitation was allowed pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute.

Section 7.6 MATERIAL BREACH OF AGREEMENT

The Applicant shall be in "Material Breach" of this Agreement if it commits one or more of the following acts or omissions:

(a) Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13, below.

(b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.

(c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.

(d) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth in this Agreement.

(e) Applicant fails to create and maintain at least the number of Qualifying Jobs it committed to create and maintain as set forth in this Agreement.

(f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs as Qualifying Jobs.

(g) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement are not barred by this provision.

(h) Applicant fails to comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code §313.0275, for any full tax year which commences after the Wind Energy Project has become operational, the Applicant may cure the Material Breach of this Agreement, described in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 7.4 of Section 7.6 that the Applicant is in Material Breach of this Agreement, such as making a material misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or that the Applicant has otherwise committed a Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach of this Agreement has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination.").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Material Breach under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Willacy County, Texas. The Parties agree to sign a document that designates the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the

Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section 7.9, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

Notices to the District shall be addressed to the District's Authorized Representative as follows:

Johnny Pineda, Superintendent
RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
419 FM 3168
Raymondville, Texas 78580-3351
Fax: (956) 689-0201
E-mail: jpineda@raymondvilleisd.org

or at such other address or to such other facsimile transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed to:

Patrick Woodson
Senior Vice President
EC&R Development, LLC
812 San Antonio Street, Suite 201
Austin, Texas 78701
Fax: (512) 494-9581
Email: Patrick.woodson@eon.com

With a copy to:

Alison Gardner
Assistant General Counsel
E.ON Climate & Renewables North America, LLC
812 San Antonio Street, Suite 201
Austin, Texas 78701
Fax: (512) 494-9581

Email: alison.gardner@eon.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as the Applicant may designate by written notice to the District.

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

(a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees,

(b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.

(c) In the event that the Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars ($10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2013.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Willacy County Appraisal District in writing of any change in address or

other contact information for the owner of the property subject to the limitation agreement for the purposes of Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. MERGER

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Willacy County Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Willacy County, Texas, the county seat of the county in which the District's central office is located.

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 8.9. SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in a mutually acceptable manner so as to effect the original

intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10. PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

Section 8.11. INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. EXECUTION OF COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all material representations, information, and facts contained in the Application were true and correct when made, and there have been no material changes in the representations, information,

and facts contained in the Application that have not been previously disclosed in writing. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full; provided, however, to the extent of any differences or inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Texas Administrative Code §9.1053(f)(2)(K).

Section 8.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed Wind Energy Project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Texas Tax Code §313.103, as follows:

a. Within seven days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.

b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.

c. This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this ___ day of _____ 2011.

MAGIC VALLEY WIND FARM I, LLC

By: _____

PATRICK WOODSON

MAGIC VALLEY WIND FARM I, LLC

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT

By: _____

SAM LOYA
President
Board of Trustees

ATTEST:

_____

MARIO TIJERINA
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Magic Valley Reinvestment Zone No. 1* was originally created on July 13, 2009 by action of the Willacy County Commissioners' Court. On July 8, 2010, the Willacy County Commissioners' Court approved an expansion of the *Magic Valley Reinvestment Zone No. 1*. A map of the *Magic Valley Reinvestment Zone No. 1* is attached as the last page of this **EXHIBIT 1**.

More specifically, the *Magic Valley Reinvestment Zone No. 1* contains the following property and tracts located in Willacy County, Texas, except any such real property currently located within the incorporated city limits of the City of Raymondville, Texas:

- All of the Lots in the Withers Tract Subdivision out of Share #60, San Juan De Carricitos Grant;
- Lots 1, 2, 7, 8, 9, 10, and 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Blocks 48 through 63 and 68 through 83 (inclusive) of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 5, 6, 7, 8, 13, and 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 66 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Harding & Gill Subdivision out of Share #16, San Juan De Carricitos Grant;
- All of lots in Harding & Gill Subdivision out of Share #61, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Farm Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks l, 2, 3, and 4 of the E. F. Hubmer Subdivision;
- All of the Lots in Share #64, San Juan De Carricitos Grant;
- All of the Lots in Share #36, San Juan De Carricitos Grant;
- All of the Lots in the El Sombrerito Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the B. H. Beise Subdivision;
- All of the Lots in Blocks 1, 2, 3, and 4 of the Raymond Subdivision;
- All of the Lots in the Engelman Subdivision Number One;
- All of the Lots in the Engelman Subdivision Number Two;
- All of the Lots in the Nile Orchard Subdivision;
- All of the Lots of the Wetzel Subdivision;
- All of the Lots in Block 5 of the Raymond Hallam Subdivision;
- All of the Lots in Blocks 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of the Santa Rosa Subdivision;

[EXHIBIT CONTINUED ON NEXT PAGE]

- All of the Lots in the Maneado Ranch Subdivision;
- All of the Lots in the Sorenson's Number 1 Subdivision;
- All of the Lots in the C. E. Craig Subdivision;
- All of the Lots in the Sorenson's Number 2 Subdivision;
- All of the Lots in Share #45, San Juan De Carricitos Grant;
- Lots 1, 2, 3, 4, 5, 6, and 7 of the Garcia Property Subdivision out of Share #34, San Juan De Carricitos Grant;
- All of the Lots in Share #14, San Juan De Carricitos Grant, North of Farm to Market Road 498; and
- All of the Lots in the Quantanilla Subdivision.

[EXHIBIT CONTINUED ON NEXT PAGE]

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both the Raymondville Independent School District and the *Magic Valley Reinvestment Zone No. 1* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the following tracts of land, except any such property that would otherwise be Qualified Property of the Applicant that is located on any such real property outside the boundaries of the Raymondville Independent School District, is included, to wit:

- All of the Lots in the Withers Tract Subdivision out of Share #60, San Juan De Carricitos Grant;
- Lots 1, 2, 7, 8, 9, 10, and 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Blocks 48 through 63 and 68 through 83 (inclusive) of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 5, 6, 7, 8, 13, and 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 66 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Harding & Gill Subdivision out of Share #16, San Juan De Carricitos Grant;
- All of lots in Harding & Gill Subdivision out of Share #61, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Farm Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks l, 2, 3, and 4 of the E. F. Hubmer Subdivision;
- All of the Lots in Share #64, San Juan De Carricitos Grant;
- All of the Lots in Share #36, San Juan De Carricitos Grant;
- All of the Lots in the El Sombrerito Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the B. H. Beise Subdivision;
- All of the Lots in Blocks 1, 2, 3, and 4 of the Raymond Subdivision;
- All of the Lots in the Engelman Subdivision Number One;
- All of the Lots in the Engelman Subdivision Number Two;
- All of the Lots in the Nile Orchard Subdivision;
- All of the Lots of the Wetzel Subdivision;
- All of the Lots in Block 5 of the Raymond Hallam Subdivision;
- All of the Lots in Blocks 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of the Santa Rosa Subdivision;

[EXHIBIT CONTINUED ON NEXT PAGE]

- All of the Lots in the Maneado Ranch Subdivision;
- All of the Lots in the Sorenson's Number 1 Subdivision;
- All of the Lots in the C. E. Craig Subdivision;
- All of the Lots in the Sorenson's Number 2 Subdivision;
- All of the Lots in Share #45, San Juan De Carricitos Grant;
- Lots 1, 2, 3, 4, 5, 6, and 7 of the Garcia Property Subdivision out of Share #34, San Juan De Carricitos Grant;
- All of the Lots in Share #l4, San Juan De Carricitos Grant, North of Farm to Market Road 498; and
- All of the Lots in the Quantanilla Subdivision.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed Wind Energy Project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The Wind Energy Project is an approximate 203.28 megawatt (MW) wind generation facility located entirely within Willacy County, Texas, and across three (3) different school districts: Raymondville Independent School District, Lyford Consolidated Independent School District, and San Perlita Independent School District. Approximately thirty-six percent (36%) of the Qualified Investment/Qualified Property of the Wind Energy Project will be located within the boundaries of the Raymondville Independent School District. The Qualified Investment/Qualified Property within the boundaries of the Raymondville Independent School District that is subject to this Agreement will include, but is not limited to, the following:

1. Approximately forty (40) Vestas V90 1.815 MW wind turbine generator systems with grounding, comprising a three-bladed, horizontal-axis wind turbine, employing active yaw control, active blade pitch control and a variable speed generator, more precisely described as follows:
    a. Rotor with a diameter of 90 m, designed to operate in upwind configuration, comprised of three blades mounted to a cast iron hub, designed to operate between 0 and 16 rpm.
    b. Three blades manufactured from carbon fiber, wood, fiberglass, epoxy.
    c. Blade pitch control system.
    d. Hub manufactured from cast iron connecting the blades to the turbine main shaft and housing the blade pitch systems.
    e. Gearbox with vibration-damping mountings and a parking brake.
    f. Bearings.
    g. Gearbox lubrication system.
    h. Brake system.
    i. Variable speed asynchronous generator.
    j. Flexible coupling to protect drive train from excessive torque loads.
    k. Yaw system.
    l. 40 Towers, 80 m ground to hub.
    m. Nacelle, with sound-insulating foam to reduce acoustic emissions.

n. Anemometer, wind vane and lightning protection system.

o. Control system consisting of on-site (at base of tower) and remote (SCADA) control with local lockout capability.

2. Roadwork, sloped for drainage, with turnouts from public roads.

3. Fencing to control livestock and to protect substations and other equipment as needed for safety and security.

4. 40 wind turbine generator foundations, with anchor bolt embeds and template rings.

5. Wind turbine obstruction lighting per FAA requirements.

6. Telephone system.

7. Substations, including a 138/34.5 kV utility interconnect substation, including a control building, two 140 MVA transformers with load tap changers, 138 kV circuit breakers, 34.5 circuit breakers and reactive power compensation equipment.

8. Overhead transmission line, 138 kV between the substation and the utility interconnection.

9. Underground power cables from, and various cable accessories, with grounding.

10. O&M building with offices and warehouse, with standard utilities.

11. Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.

12. Underground communication cables.

13. The facility will also require a relatively insubstantial amount of personal property.